EFCG

2026 CEO Conference

Session 1: EFCG AEC Industry Overview

Rebecca Zofnass
EFCG Managing Partner
Strategy & Corporate Finance

Thursday, October 1, 2026

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Network: ConveneGuest
No Password Required

Agenda

01 **Welcome & Overview**

02 Update on Key Industry Metrics and Activity
- Key Metrics
- Mergers & Acquisitions

03 Looking Ahead: Industry Trends
- The Productivity Challenge
- Technology Strategy
- AI Enablement
- Business Models & Strategy
- Pricing

04 Key Takeaways

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Today's Presenter: Rebecca Zofnass

Rebecca Zofnass
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

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Industry Overview and What's on the Horizon

EFCG

- Industry fundamentals remain solid – internal growth is holding around 8%, while profit has stabilized near 14% EBIBT / 11% EBITDA (and expected to reach record highs in 2027).
- Underneath those medians, outcomes are increasingly dispersed. Demand is shifting in pockets of the industry, and some firms are accelerating from the median.
- The engine that got us here is running out of road. Talent remains the constraint on the old growth model, and productivity has not yet filled the gap.
- In response, firms are evolving the business model across several dimensions at once – AI enablement, more technology in delivery, fixed-price work, advisory services, and deeper client relationships.
- We are building more valuable firms each day, yet that value does not consistently reach the bottom line. Pricing is the decision that determines whether it converts to margin or leaks away. So, who is capturing the value of these trends and investments?

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Agenda

01 Welcome & Overview

02 **Update on Key Industry Metrics and Activity**
- **Key Metrics**
- **Mergers & Acquisitions**

03 Looking Ahead: Industry Trends
- The Productivity Challenge
- Technology Strategy
- AI Enablement
- Business Models & Strategy
- Pricing

04 Key Takeaways

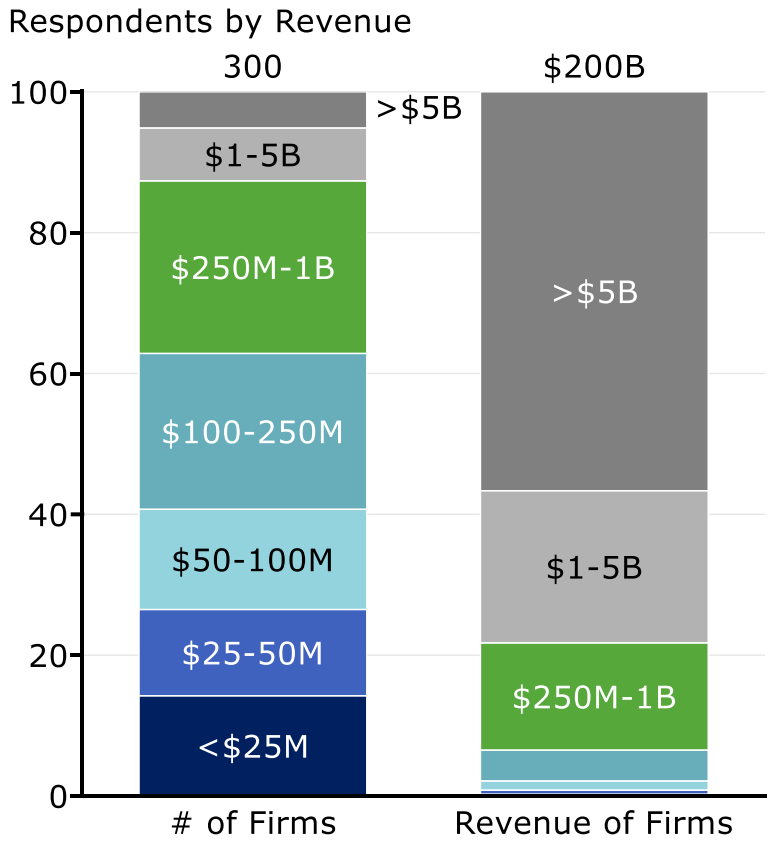
© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

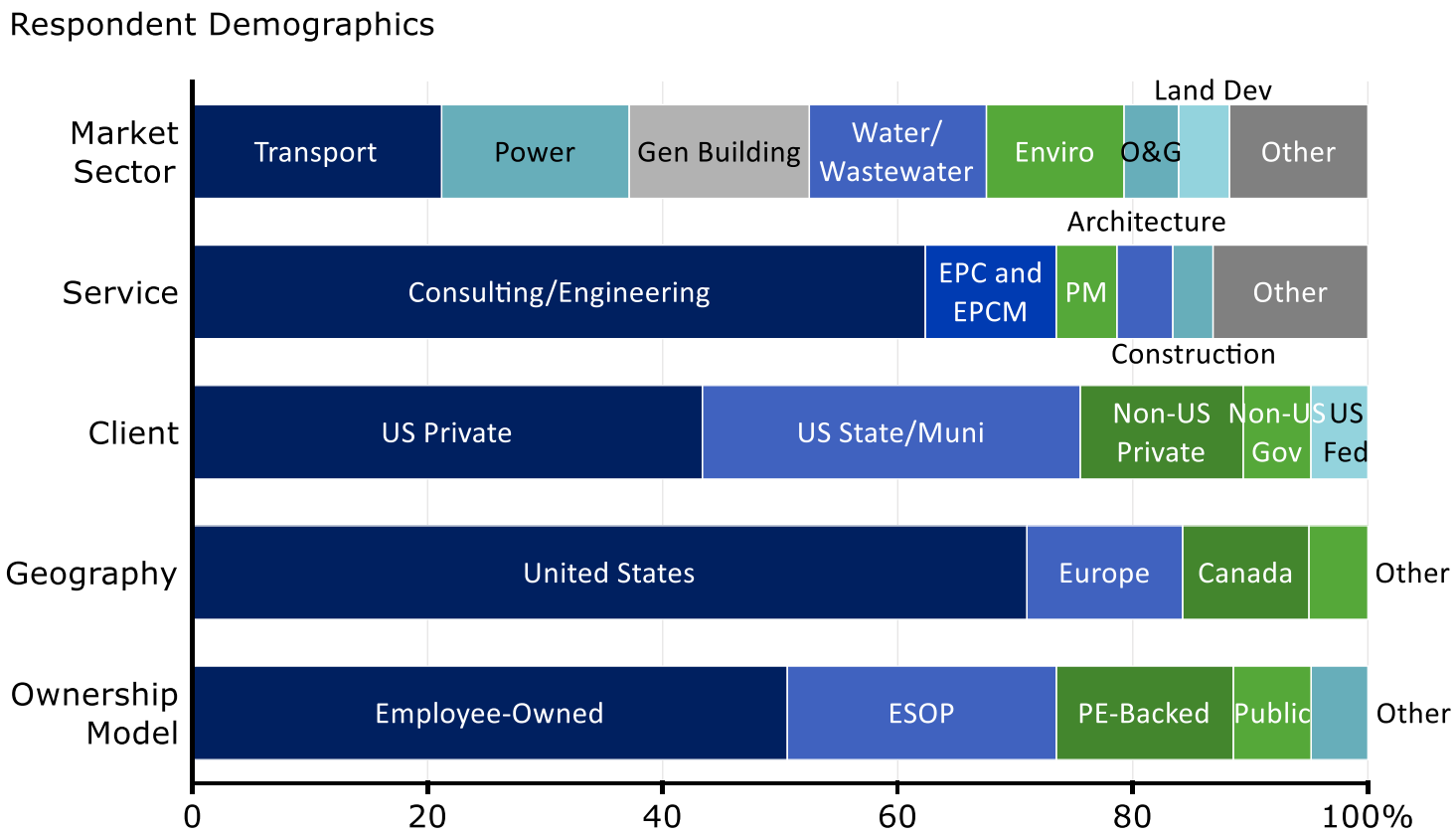
Key Metrics

EFCG

2026 EFCG CEO Survey Demographics

This year's CEO Survey participants are widely distributed across revenue buckets and represent over $200B in revenues. Firms are primarily US-based and E/C focused, working in Transportation, Power, General Building, Water, and Environmental end-markets.





Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

CEO Perspectives on Priorities and Concerns

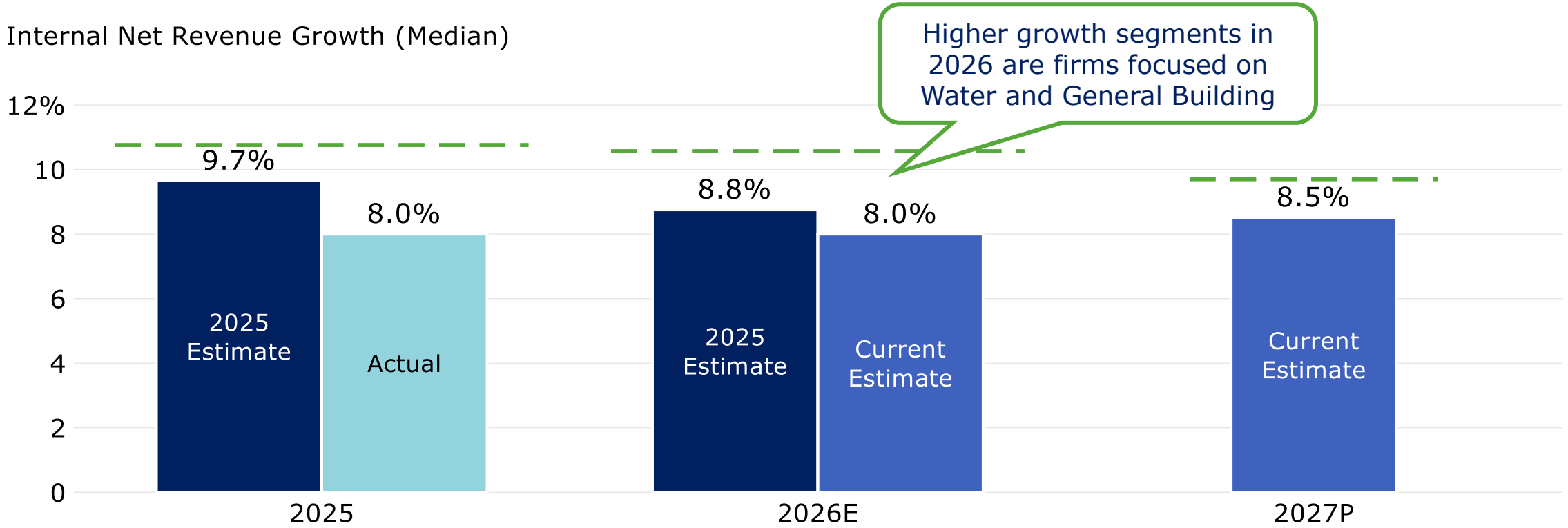
EFCG

Key Priorities	Key Concerns
• Driving Growth	• Talent Availability and Retention
• Technology and AI Integration	• Economic Uncertainty and Interest Rates
• Expansion Into New Markets & Geographies	• AI Disruption and Cost of Adoption
• Increasing Profitability and Margins	• Political and Regulatory Uncertainty
• M&A and Acquisition Integration	• Federal and Public Funding Uncertainty
• Succession Planning & Ownership Transitions	• Pricing Pressure and Margin Compression
• Talent Acquisition and Retention	• Competition From Larger PE-Backed Firms

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Current Internal Growth Remains Resilient, but Moderated

2025 internal growth came in lower than initial expectations. 2026 estimates have reduced slightly since last year, with 2027 projections expected to see a modest increase.



	2025	2026E	2027P
Total Growth (Internal & Acq.)	**10.6%**	**9.3%**	**8.5%**

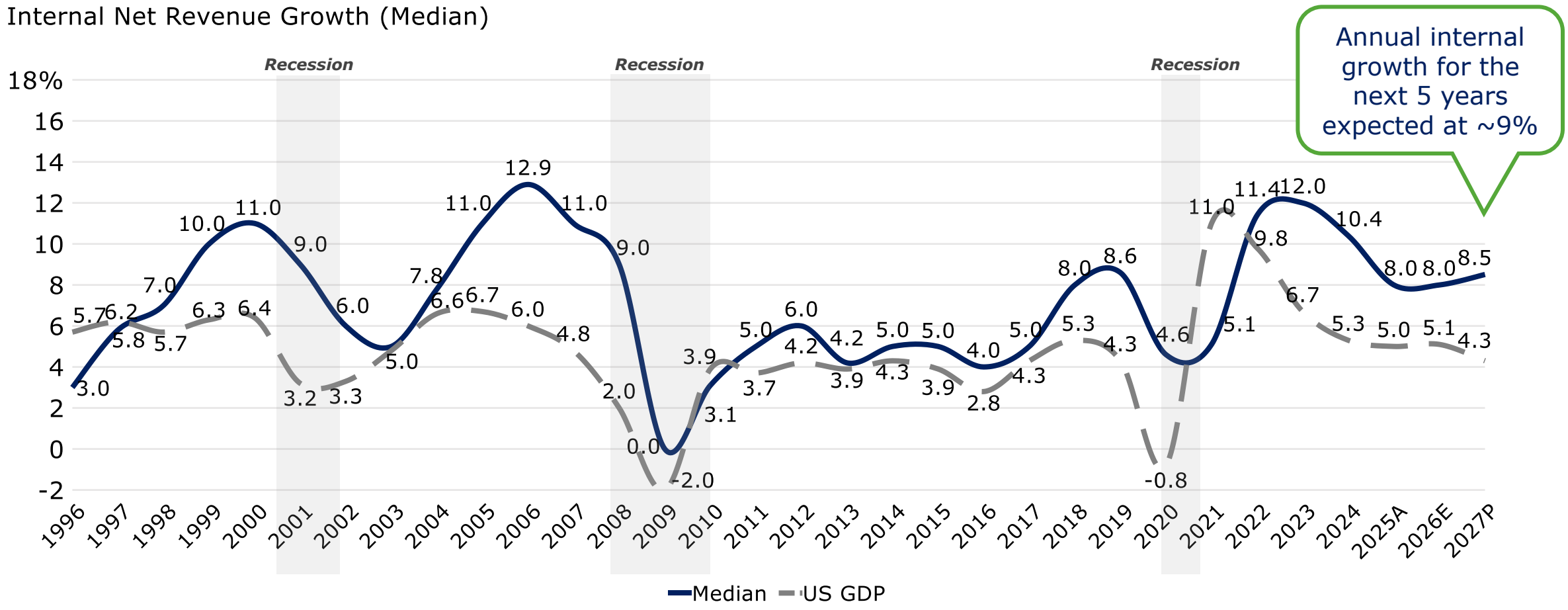
■2025 Estimate ■Current Estimate ■Actual --Weighted Average

Source: 2025-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Industry Continues To Outpace the Broader Economy

Median firm growth continues to outpace US GDP, though the post-pandemic spike has normalized to 2018/2019 growth rates.

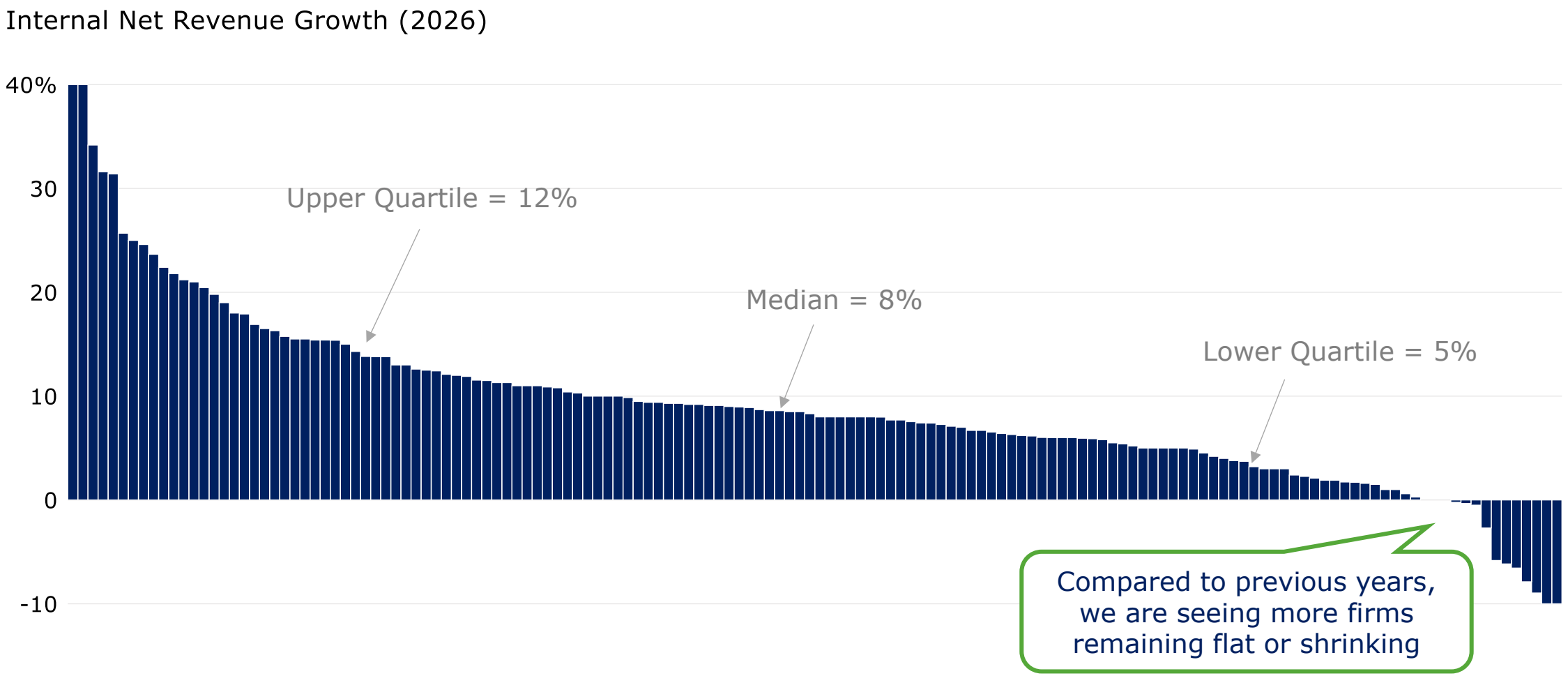


Source: 1996-2026 EFCG CEO Survey; Congressional Budget Office

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Internal Growth Rates Highlight Diverging Outcomes

Growth outcomes remain widely dispersed, with ~10% of firms expecting above 20% internal growth in 2026 while 10% of firms are expecting to see declines.

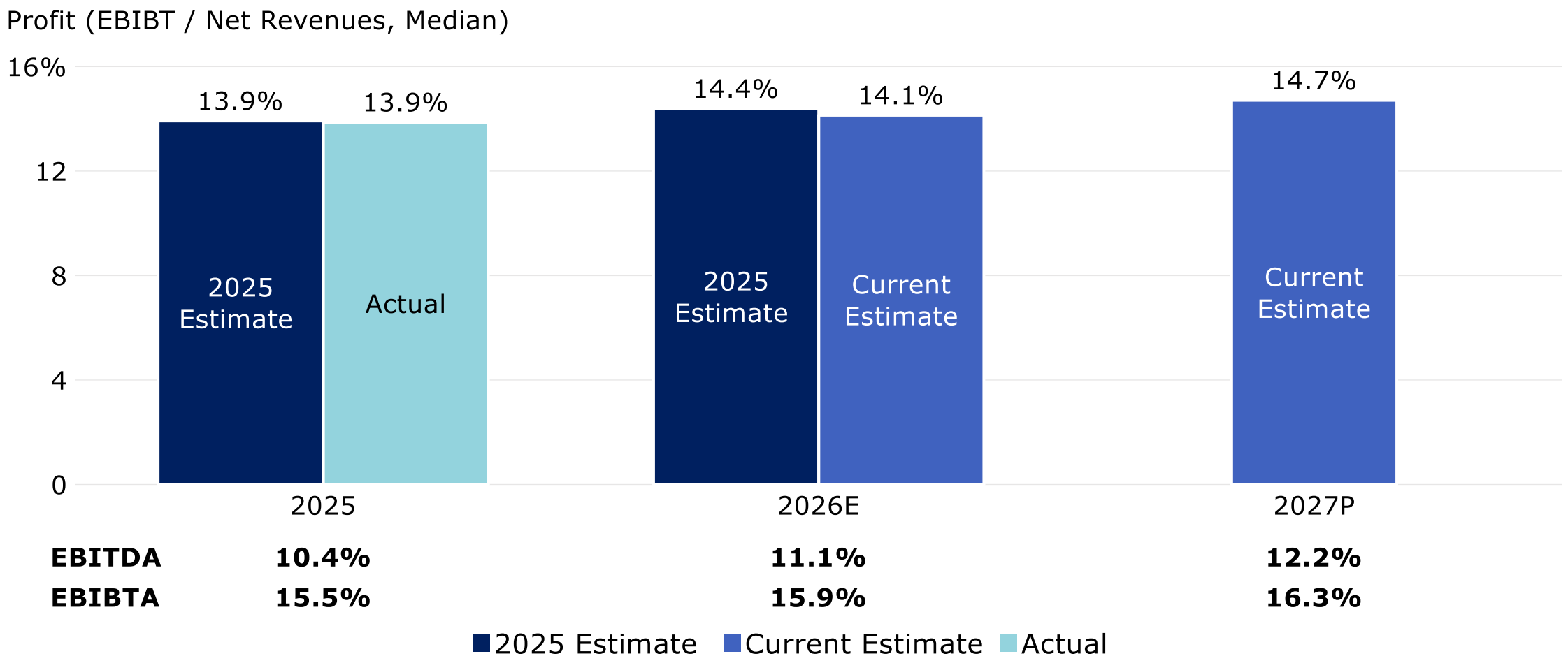


Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Current Margins Are Stable / Increasing

Current profit estimates indicate consistent or improving profitability this year and next, with an expected EBIBT of ~14.1% and EBITDA of ~11.1% in 2026.



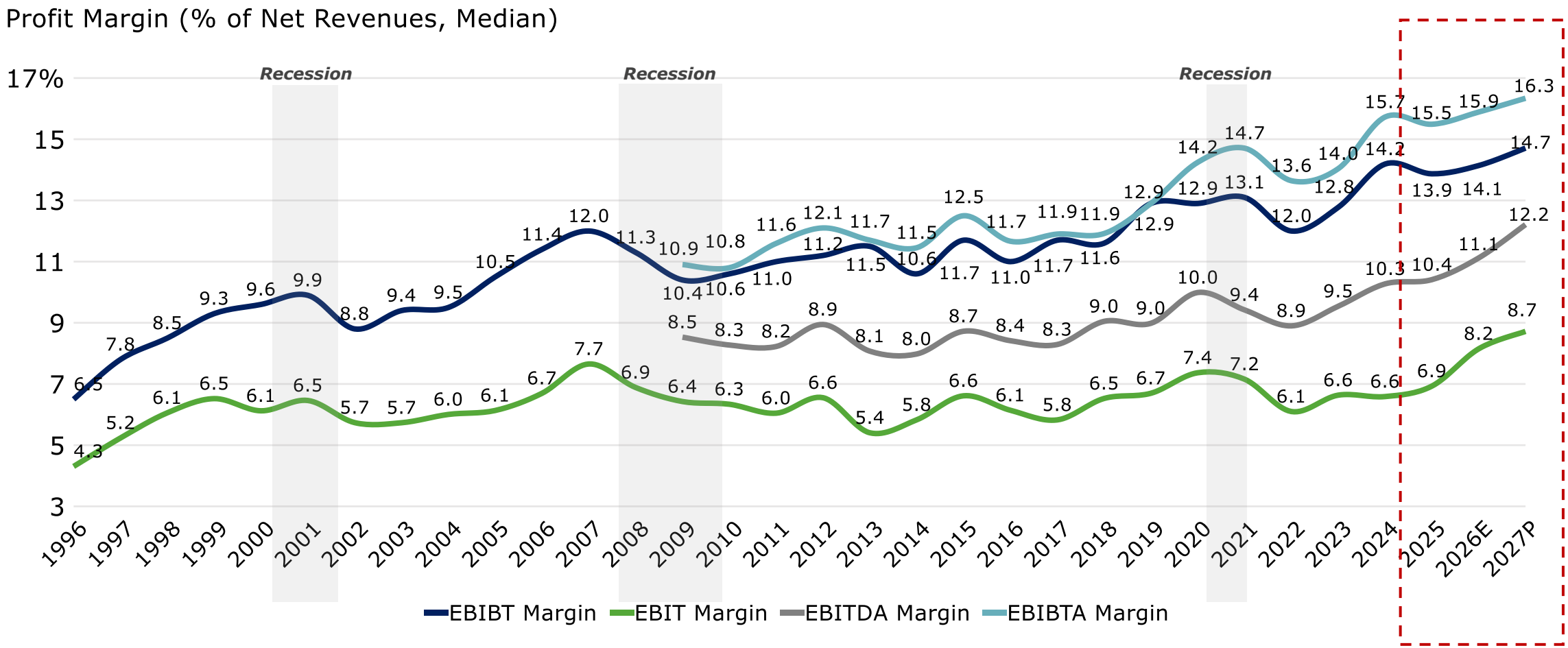
	2025	2026E	2027P
EBITDA	**10.4%**	**11.1%**	**12.2%**
EBIBTA	**15.5%**	**15.9%**	**16.3%**

Source: 2025-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Margins at Historic Highs – Will This Continue?

All key profitability metrics (EBIBT, EBIT, EBITDA, EBIBTA) have seen a recovery from the 2022 "post-pandemic dip," and now are projected to hit a record high in 2027.

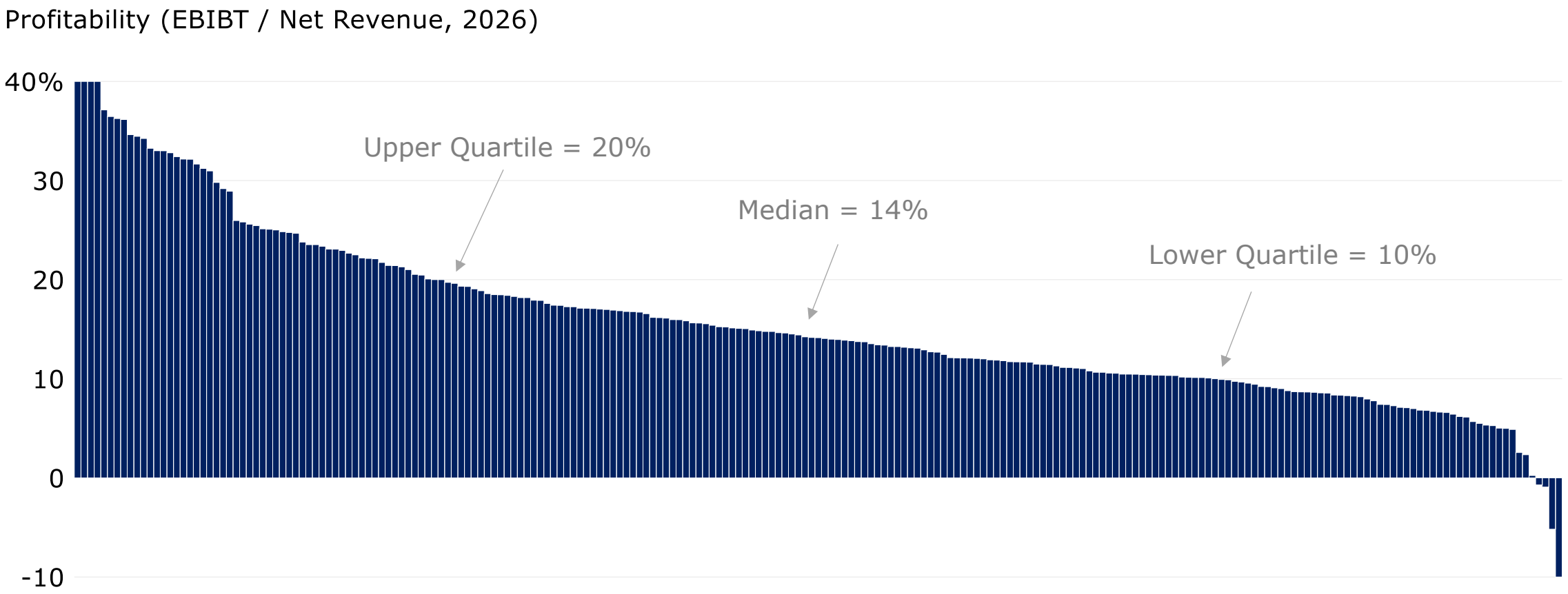


Source: 1996-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Profitability Performance Remains Varied Across Firms

Margin expansion does not translate equally across firms - individual firm profitability ranges from below 0% profit margins to over 40% in 2026.

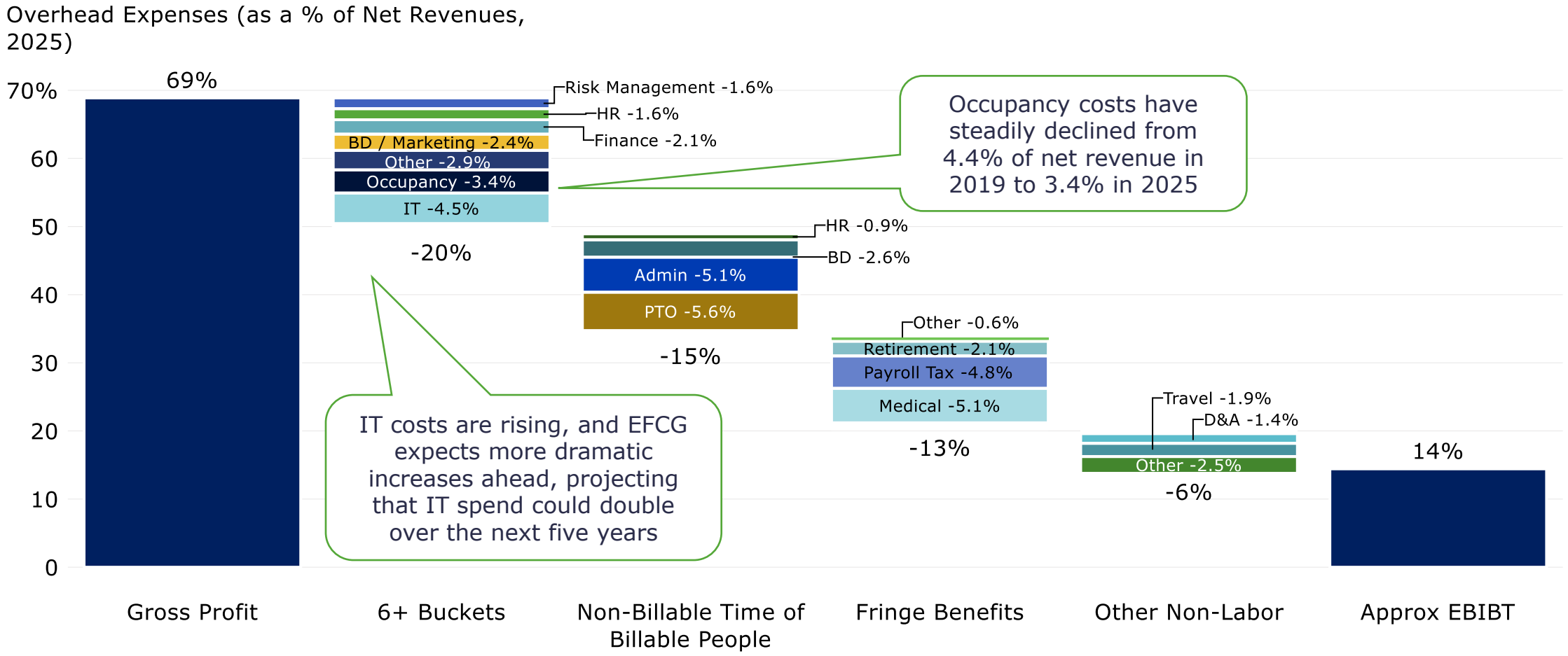


Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Overhead Management Is a Key Differentiator to Profit

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).

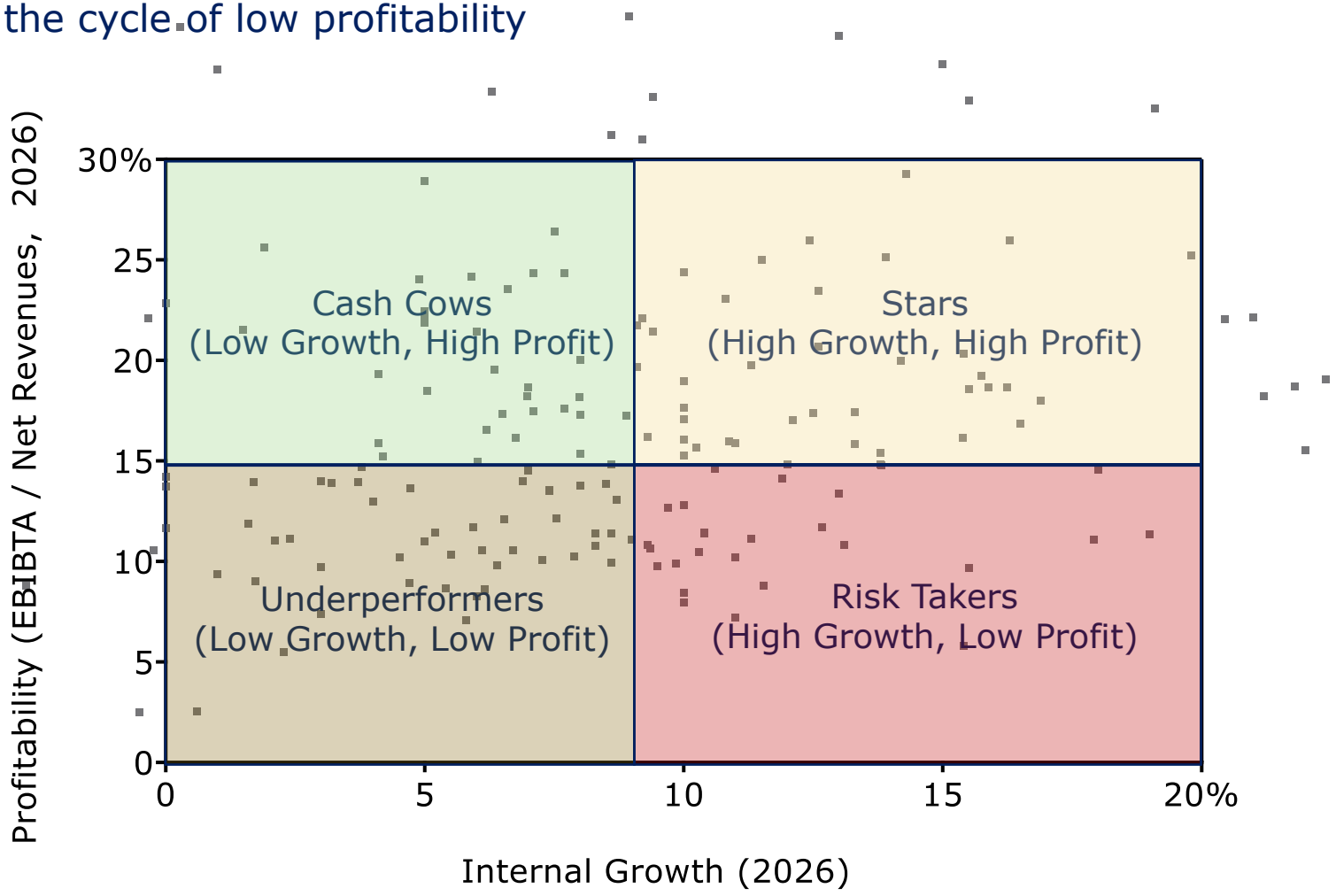


Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Profitability Position Is Highly Persistent

Firms with high profit tend to stay there (and move between high- and low-growth); it's much harder to exit the cycle of low profitability



What Happens Over Time?

- **Cash Cows** and **Stars** are much more likely to remain in place or move between one another than fall below median profitability
- **Risk Takers** are much more likely to become Underperformers than Stars: you can't grow your way into profitability!
- **Underperformers** are the hardest group to exit, with most remaining Underperformers, and those that move are most likely to become Risk Takers

Source: 2021-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

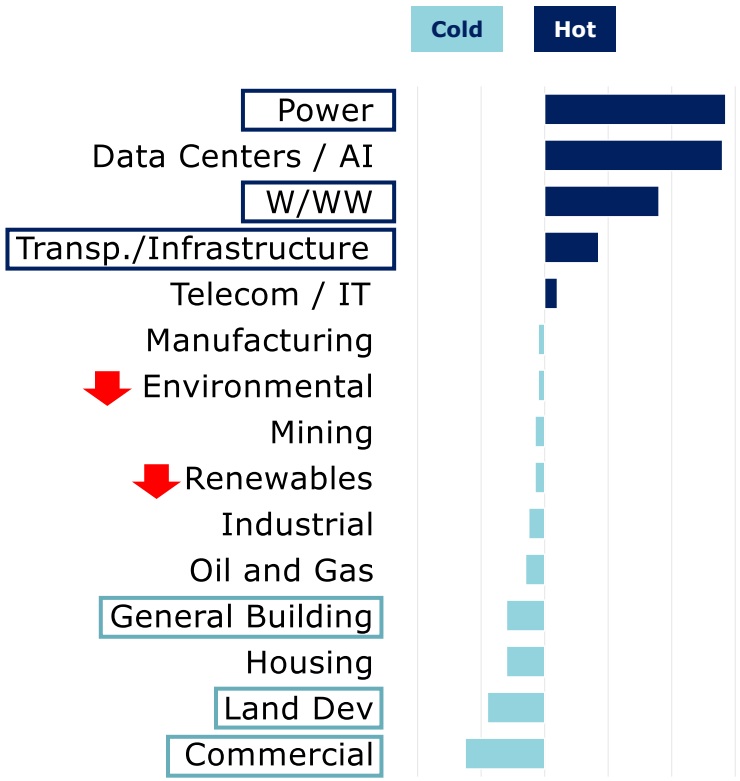
EFCG Annual Hot / Cold Analysis

Markets: Power, Data Centers, and Water / WW are hottest; Commercial and Land Dev are expected coldest.

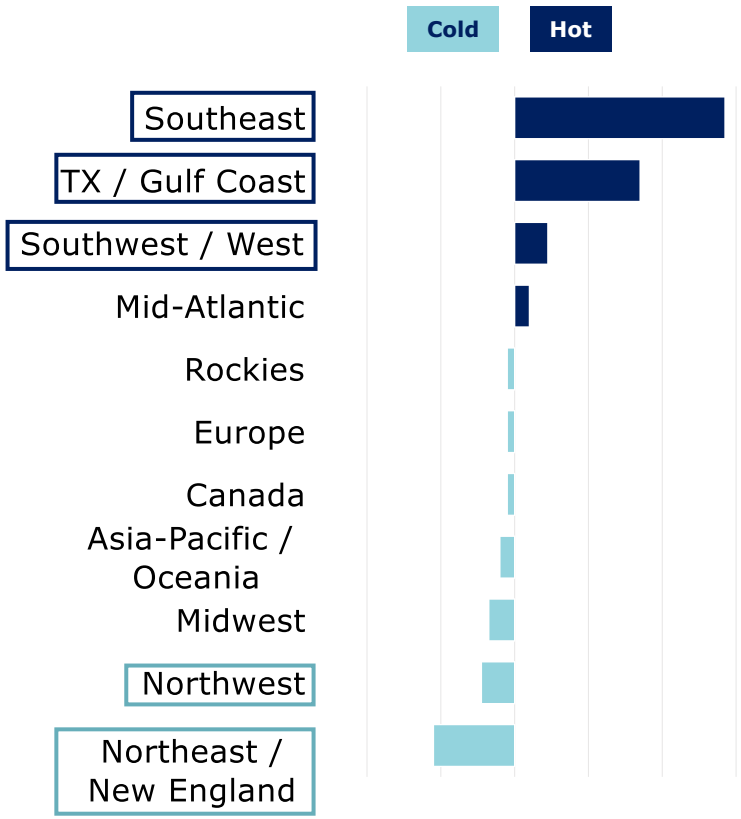
Geographies: Southeast and TX / Gulf Coast are hottest; Northeast and Northwest are expected coldest.

Client: US Private is hottest; US Federal is expected coldest.

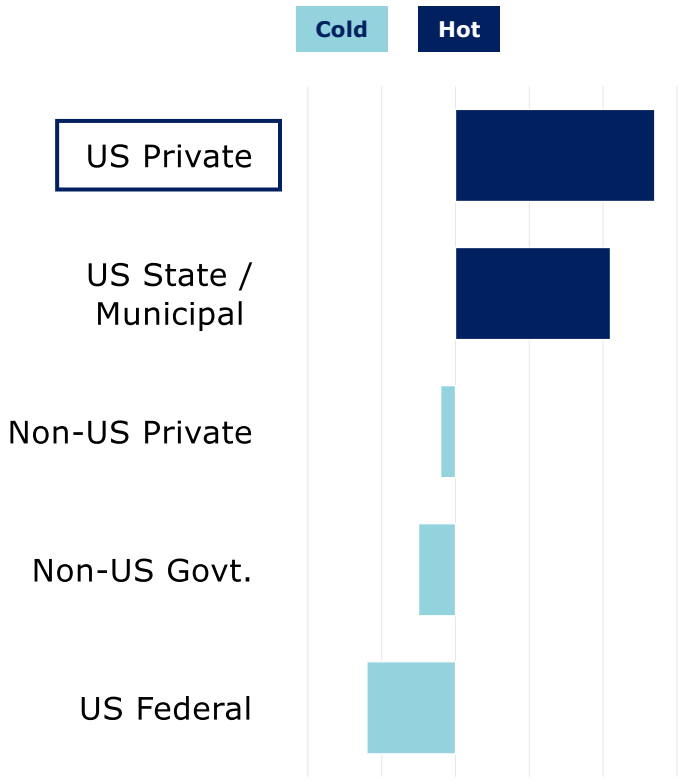
Markets



Geographies



Clients



Source: 2026 EFCG CEO Survey

Multiple Hot Years

Multiple Cold Years

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Mergers & Acquisitions

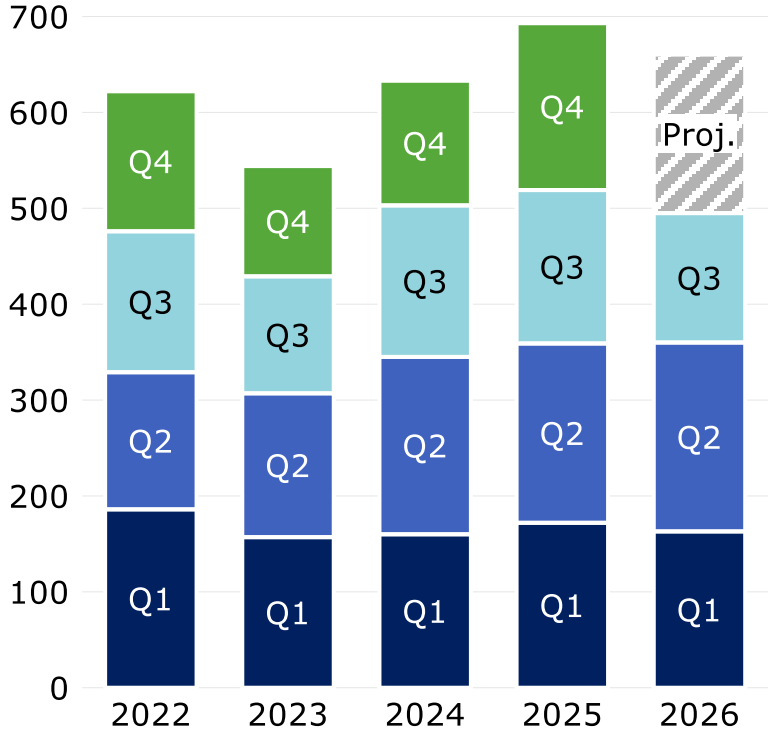
EFCG

M&A Market Overview

EFCG

Recent M&A Transactions

Estimated # of Acquisitions Across A/E/C Industry by US & Canadian Acquirers[1]



M&A Highlights

- Increasing macro volatility driving selectivity
  - Higher financing costs, policy uncertainty, and uneven economic conditions are making buyers more selective
- End-market bifurcation continues to widen
  - Capital is concentrating in data centers, power, water / wastewater, and other mission-critical infrastructure
- Backlog quality and pricing discipline matter more
  - Buyers are looking beyond headline growth to backlog quality, contract structure, client mix, and margin durability, along with strong project selectivity and demonstrated pricing power
- AI is becoming an M&A valuation differentiator
  - Buyers are looking for firms that can translate AI adoption into measurable productivity, margin, and delivery advantages
- Roll-up strategies are here to stay
  - PE-backed platforms continue to drive consolidation through both platform investments and add-on acquisitions, representing ~57% of YTD 2026 transactions.

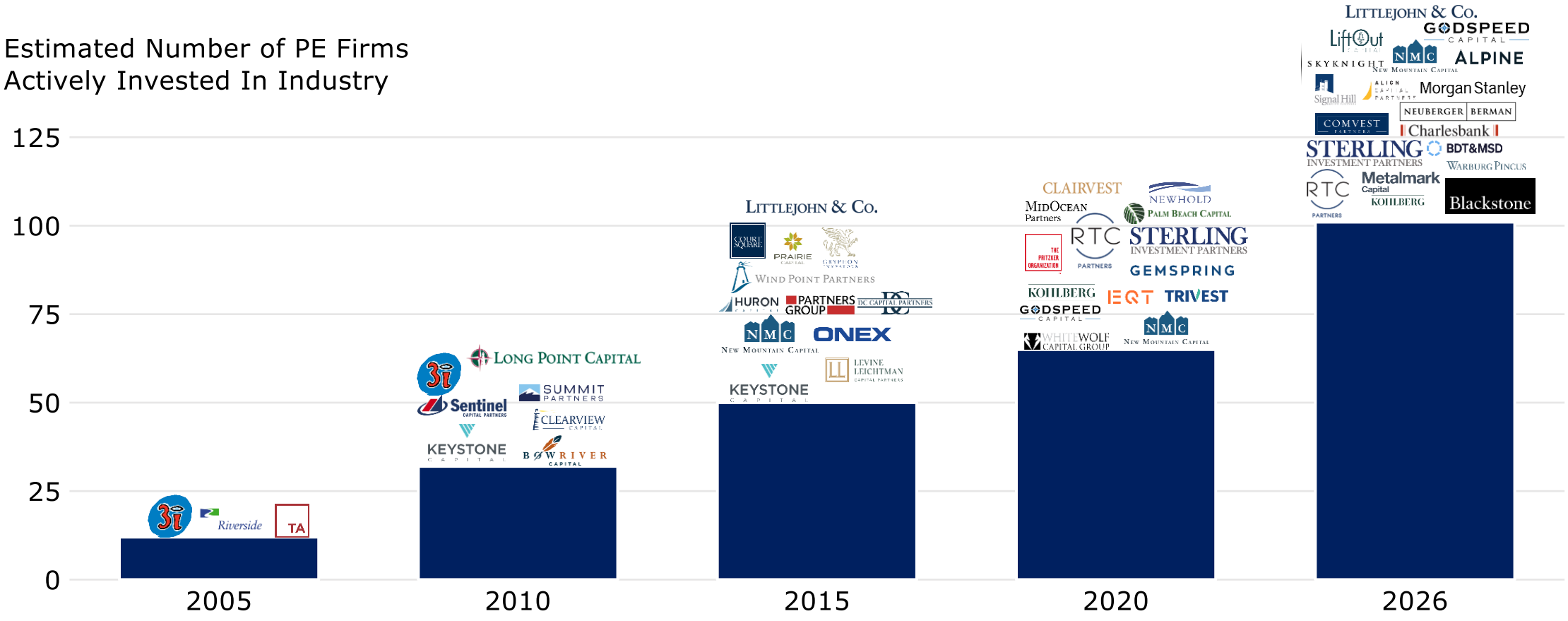
Source: PitchBook; 2026 EFCG CEO Survey; EFCG M&A Database; EFCG Analysis

1. As of September 2026

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Private Equity Investment Has Been Significantly Increasing

The first PE investments in our industry were in the early 2000s – today 19% of firms >$30M are backed by private capital.



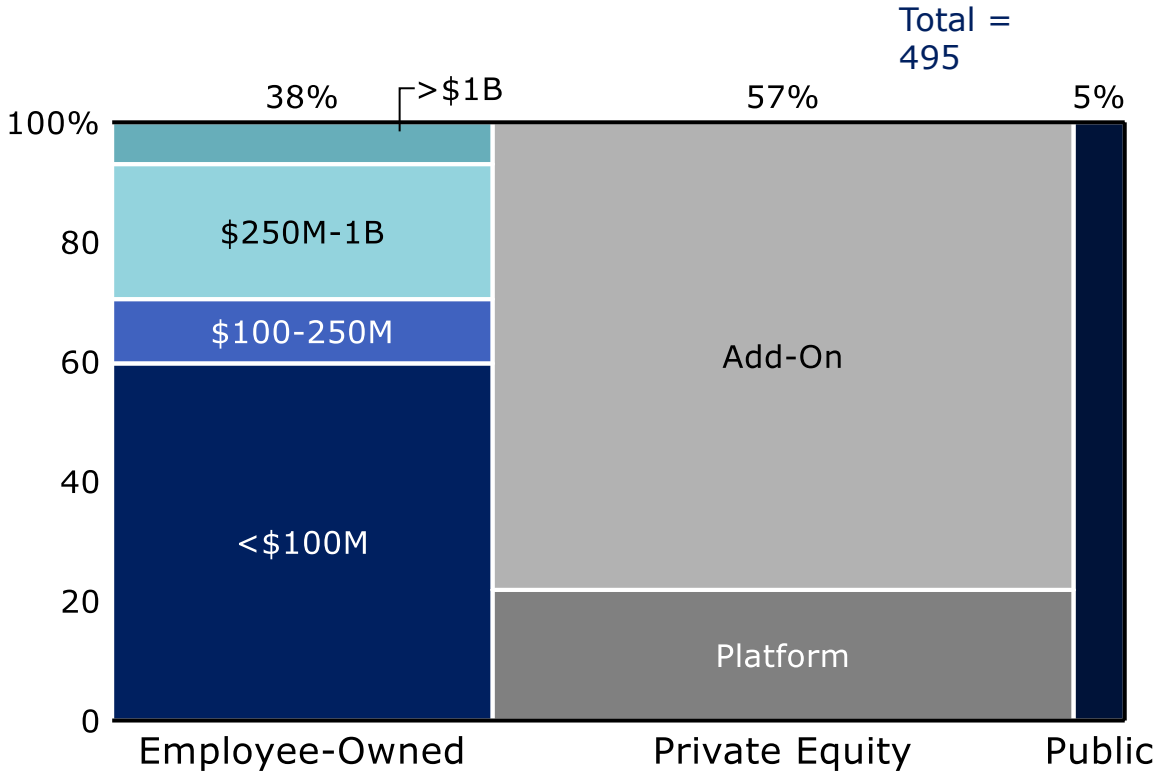
Source: EFCG M&A Database

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

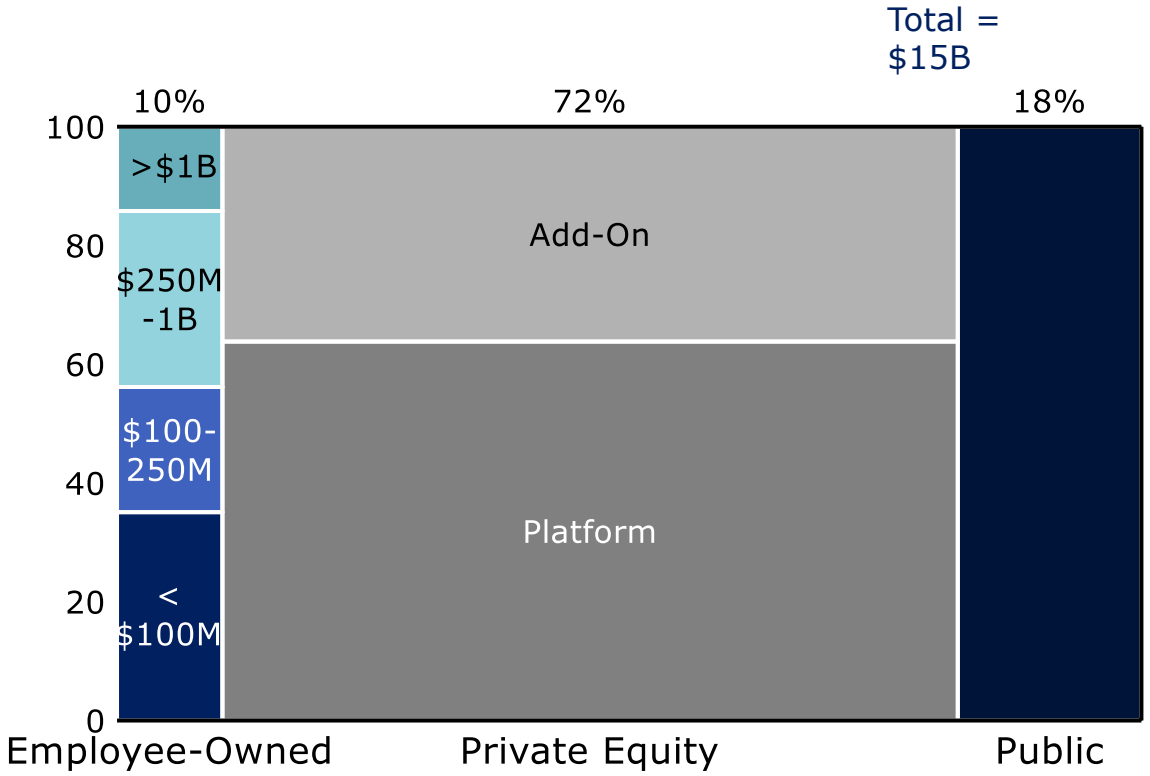
Acquisition Activity Differs By Firm Structure

Private capital drives majority of transaction activity. Add-on acquisitions dominate deal counts while platform transactions represent a larger share of total revenue.

of Acquisitions in 2026 (YTD) by Acquirer



$ of Acquisitions in 2026 (YTD) by Acquirer



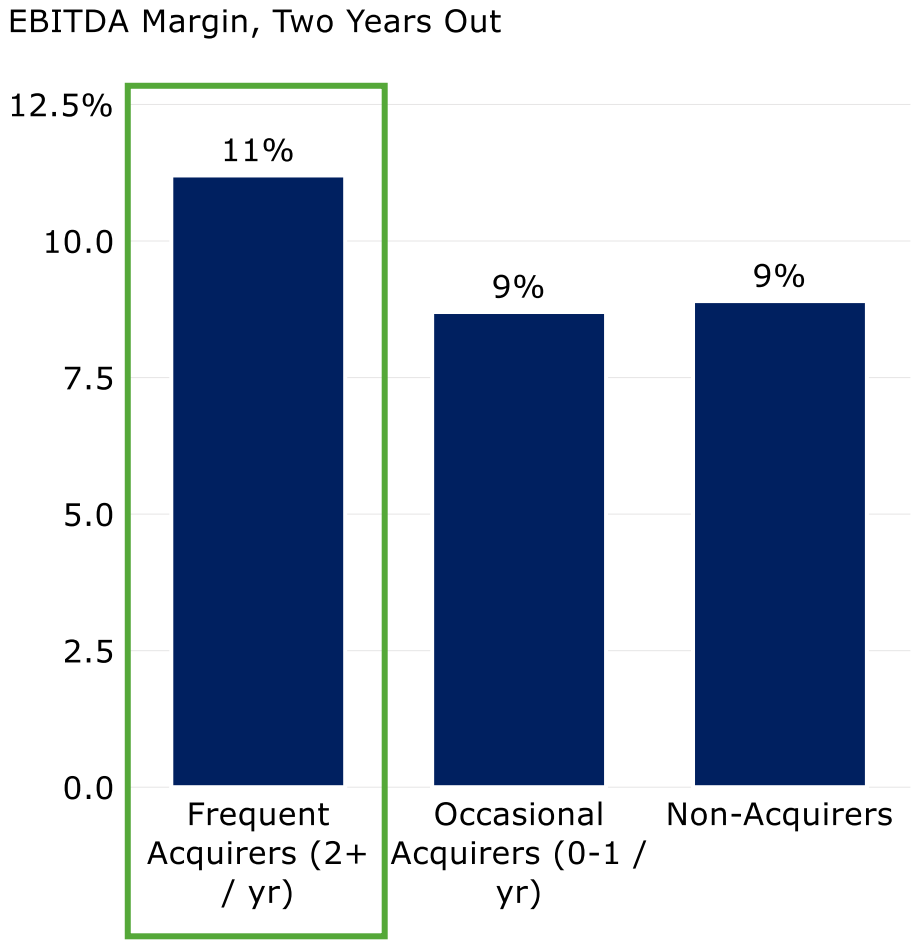
Source: EFCG M&A Database

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Experienced Acquisition Teams Drive Cost Savings Advantage

EFCG

Frequent Acquirers See Higher Profit…



…Thanks to Established M&A Flywheels

Frequent Acquirers often have dedicated M&A teams focused on integration and change management

This helps Frequent Acquirers be more successful than Occasional Acquirers at capturing cost synergies

However, cross-selling remains a challenge for all acquirers, with no indication of revenue growth outperformance for frequent or occasional acquirers

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Agenda

01 Welcome & Overview

02 Update on Key Industry Metrics and Activity
- Key Metrics
- Mergers & Acquisitions

03 **Looking Ahead: Industry Trends**
- **The Productivity Challenge**
- **Technology Strategy**
- **AI Enablement**
- **Business Models & Strategy**
- **Pricing**

04 Key Takeaways

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

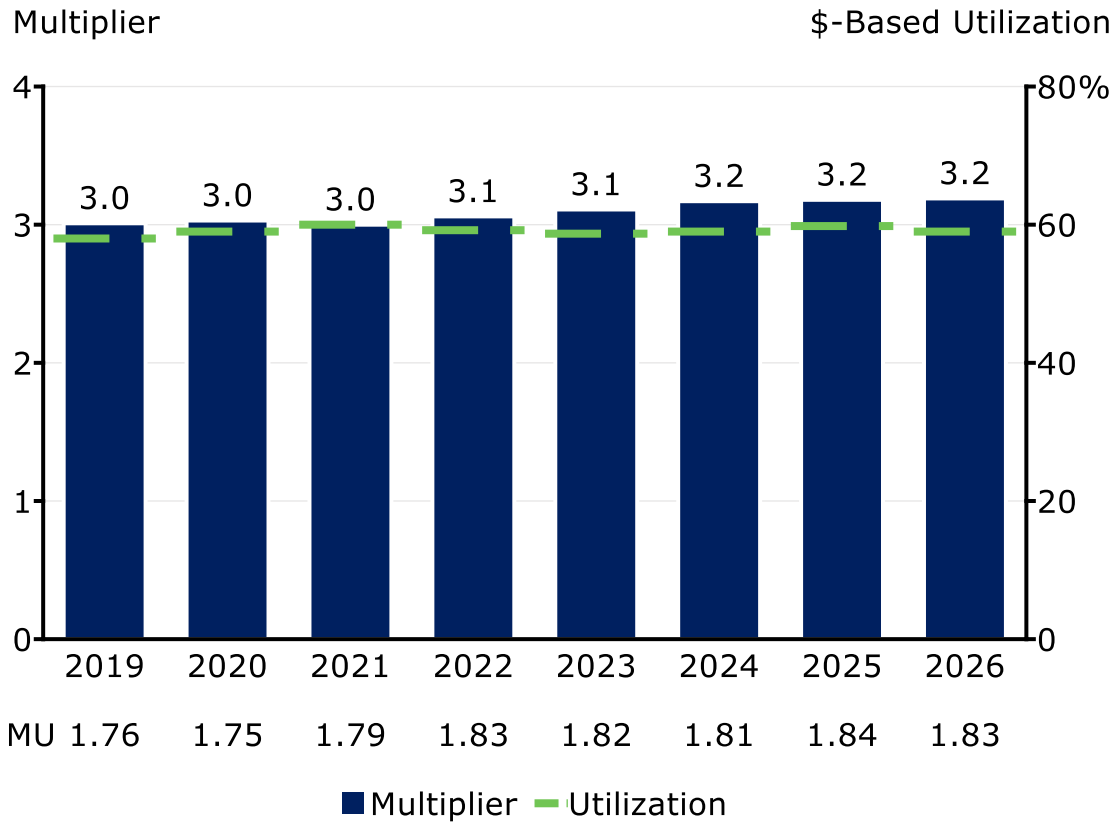
The Productivity Challenge

EFCG

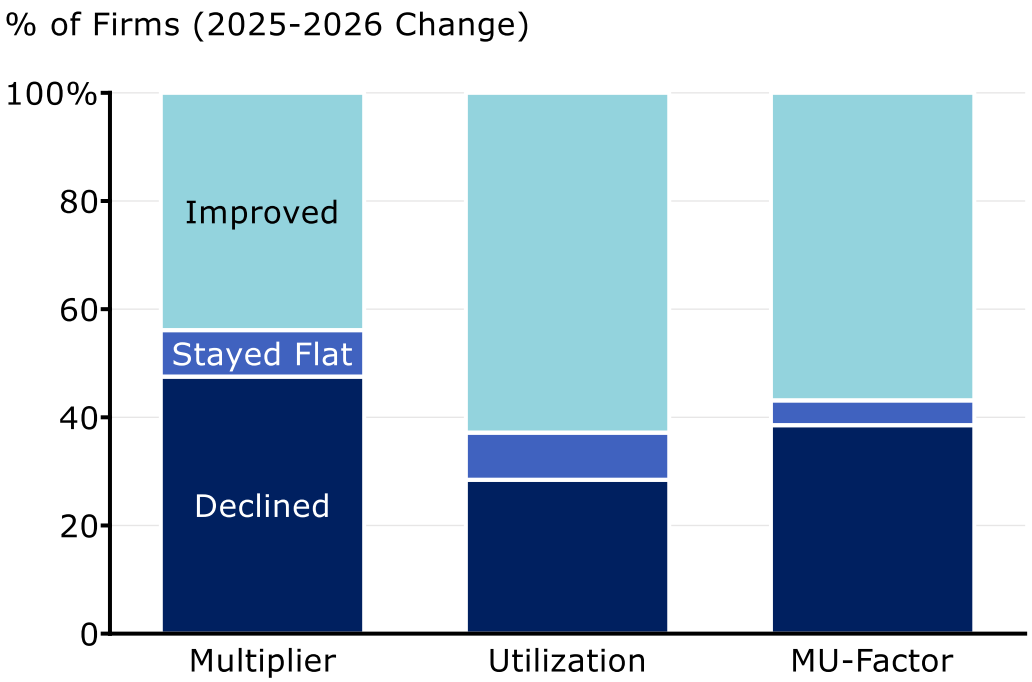
Inconsistent Improvement in Multiplier x Utilization

While overall MU Factor has increased slightly in recent years, improvement is inconsistent. 45% of firms increased multiplier, and 45% decreased; 60% of firms increased utilization, while 30% decreased.

Trend of Improvements May Be Stagnating



Divergence in MU Growth Between Firms

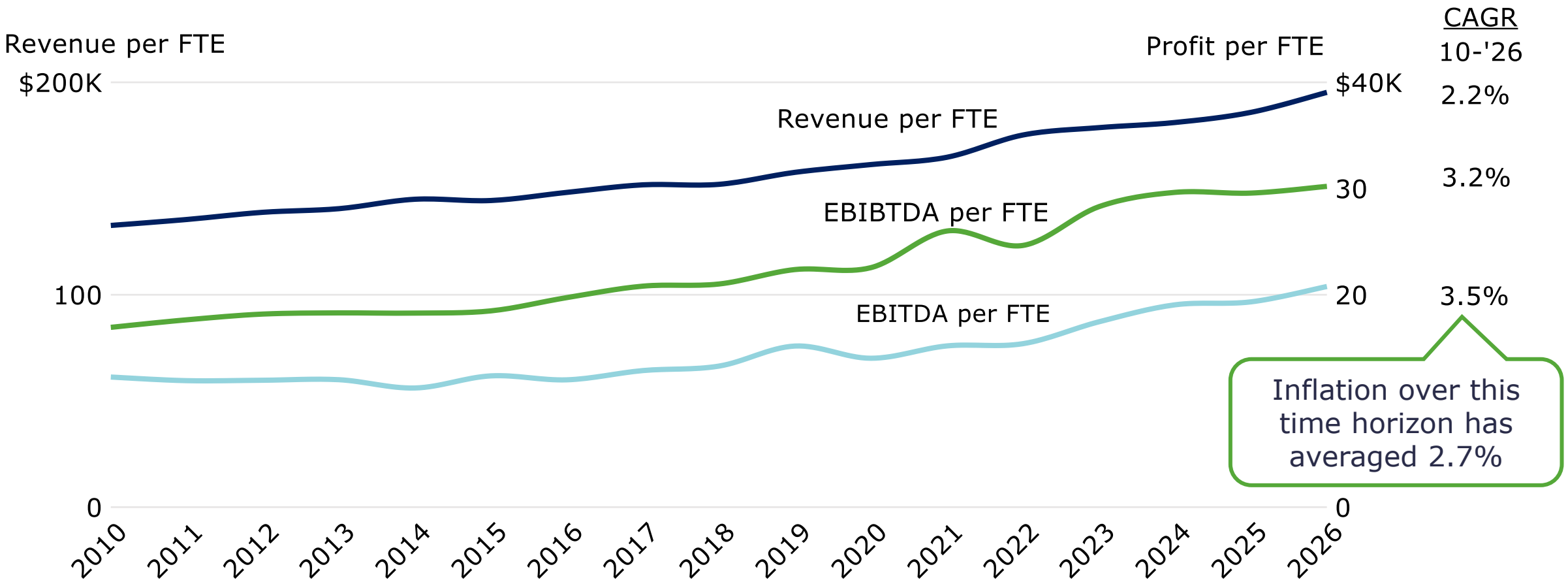


Source: 2022-2026 EFCG CEO Surveys

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

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?

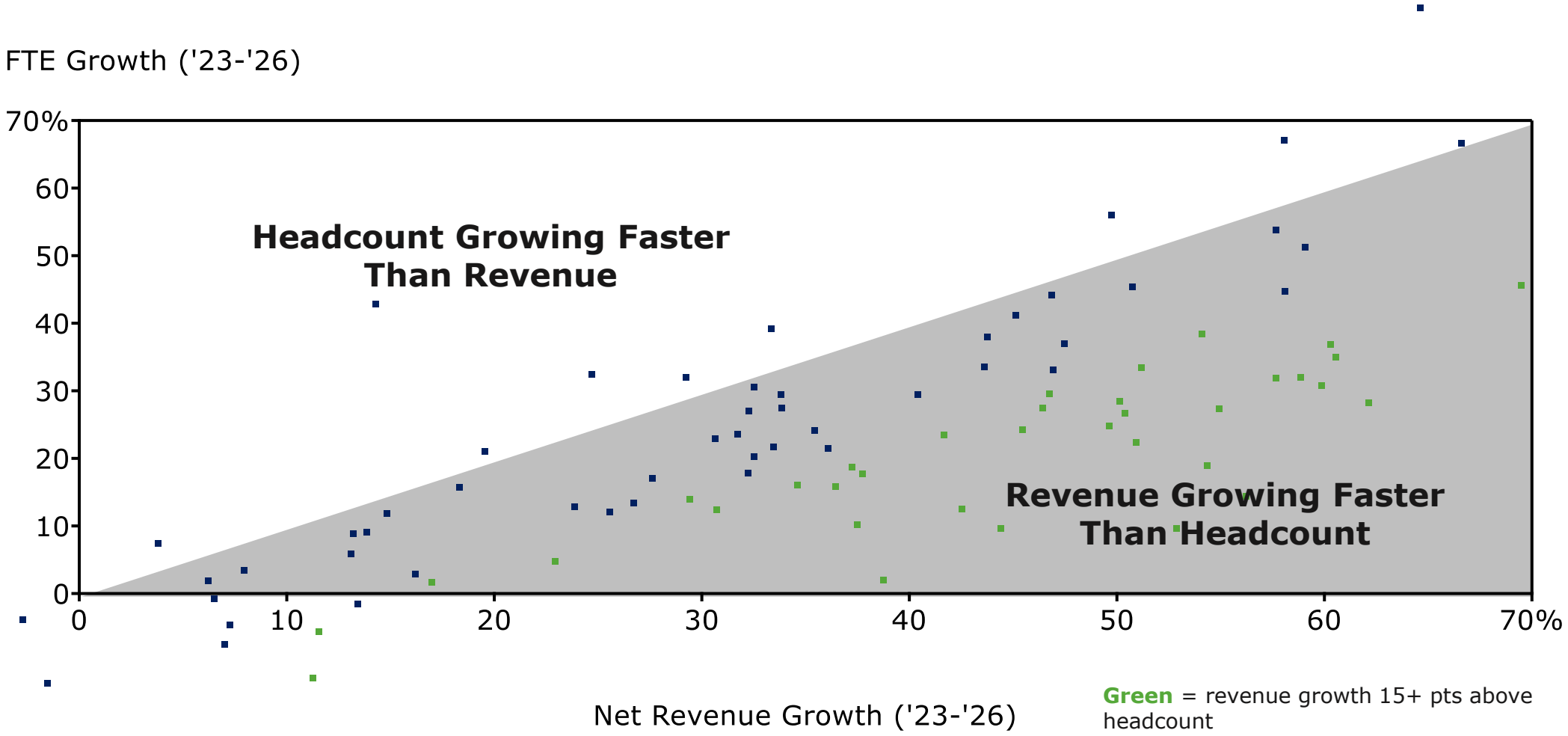


Source: 2008-2026 EFCG CEO Surveys

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

More 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.



Green = revenue growth 15+ pts above headcount

Source: 2026 EFCG CEO Survey Database

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

What's Driving This?

Future-ready business strategies incorporate multiple dimensions. Companies that are successful in beginning to "break" the billable hour model align these dimensions rather than treat them as separate strategies.

What does it mean to "break" the billable hour model?

Growth of **Headcount** and **Costs**

become disconnected from

Growth of **Revenue**

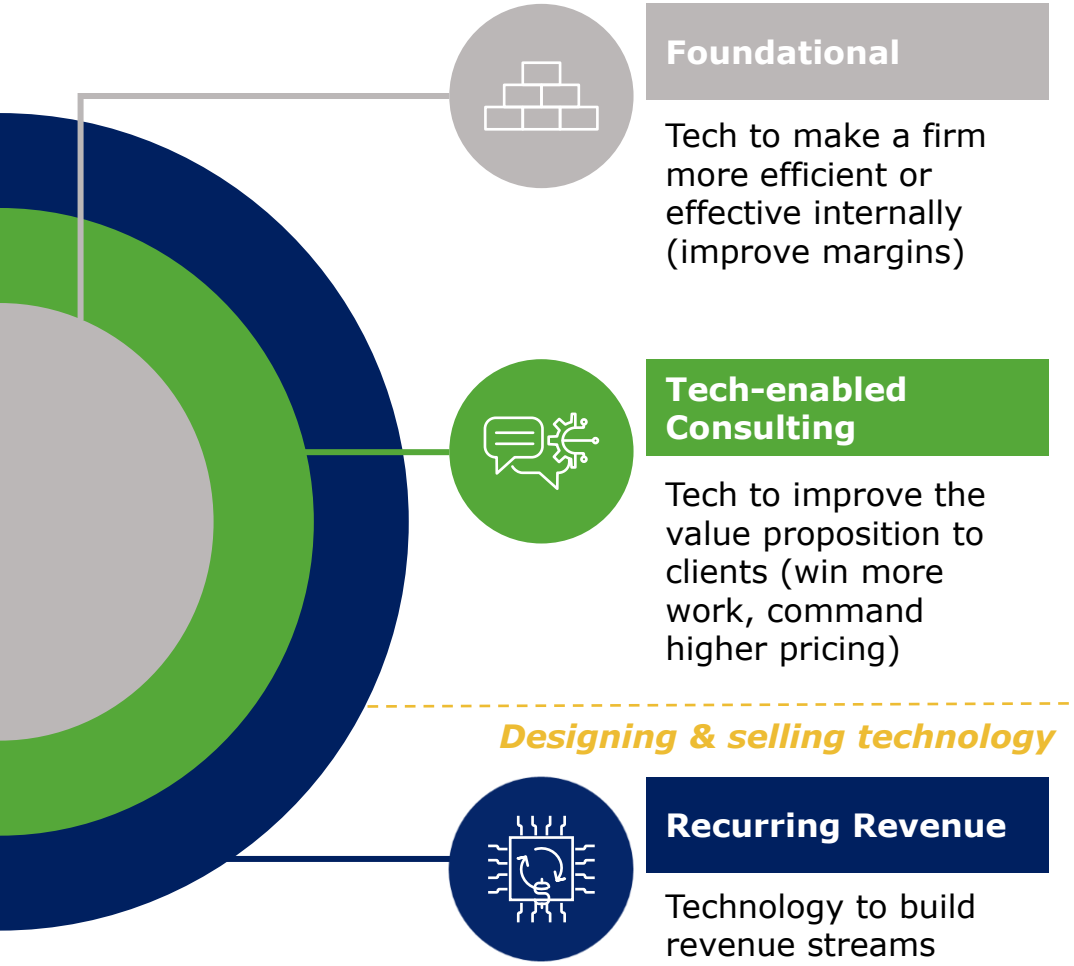
© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Technology Strategy

EFCG

EFCG Technology Framework 2.0

EFCG

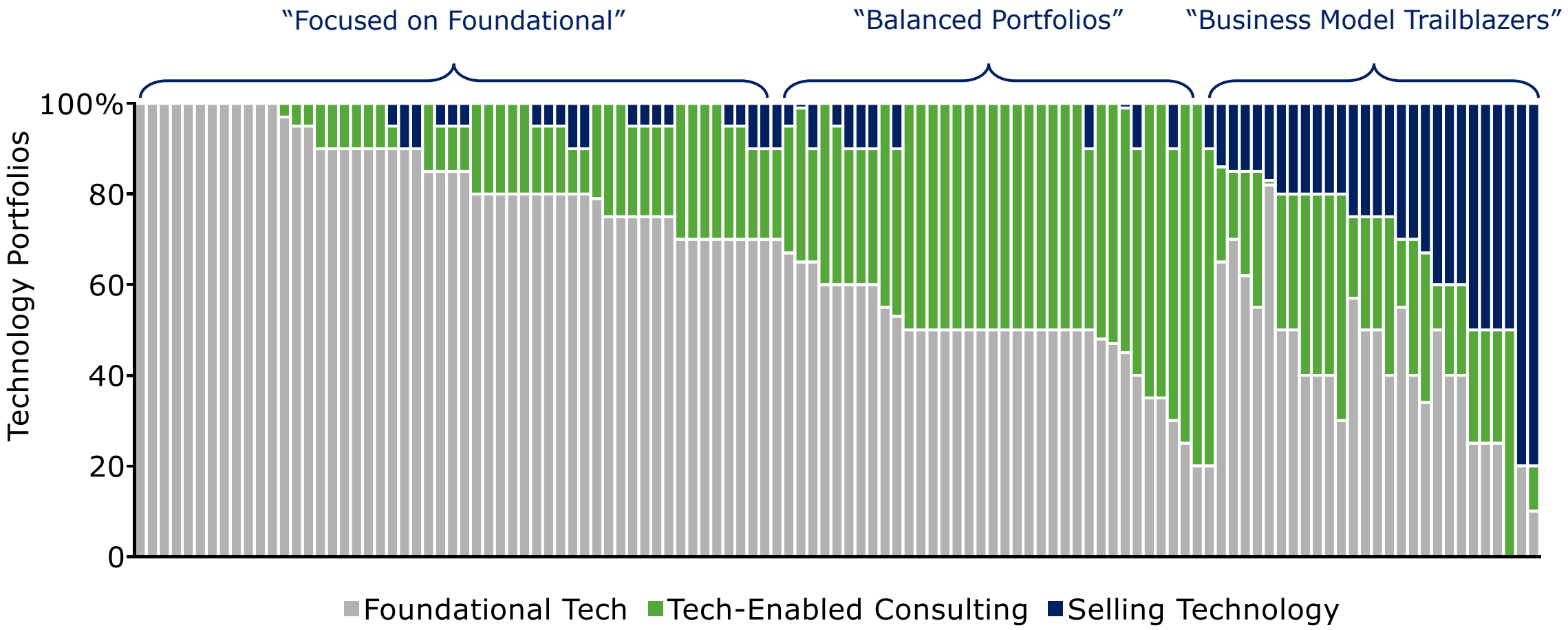


	Core Technologies	*Investments in New Technologies*	
Foundational	• **CRM** • **ERP** • **Collaboration tools** • **Communication tools** • **Design Technology** • **Enterprise File Systems**	**Automation of Repetitive Tasks** Example: Agentic AI drafting routine project documentation (reports, proposals, 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 for: code compliance, internal/external standards, detecting clashes in BIM models
Tech-enabled Consulting	• **BI and dynamic document delivery** • **Modeling software efficiencies** • **Digital twins/BIM** • **IoT driven analytics** • **Reality Capture** • **Predictive Modeling**	**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
Designing & selling technology			
Recurring Revenue	• **SaaS /Modeling Software** • **EMIS** • **Asset Performance Management systems** • **IoT software/SaaS** • **AI driven operational technology**	**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

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Technology Portfolios Differ Based on Strategy

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



Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Foundational Tech Is Paying Off; Mixed Results on Tech-Enabled

EFCG

Foundational Tech	Tech-Enabled Consulting	
77% of firms are seeing **cost savings** (typically **~1-2%** of the total project fee)	**25%** of firms are seeing **increased pricing** from tech-enabled consulting	**44%** of firms are **improving win-rates**, but improvements are moderate (typically **<5%**)

Without pricing or win-rate uplift, tech investment risks subsidizing clients and compressing margins.

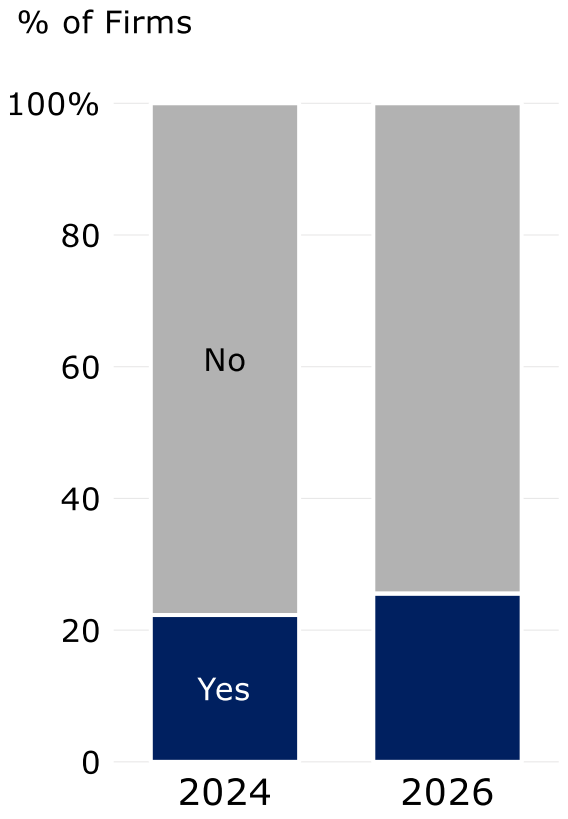
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

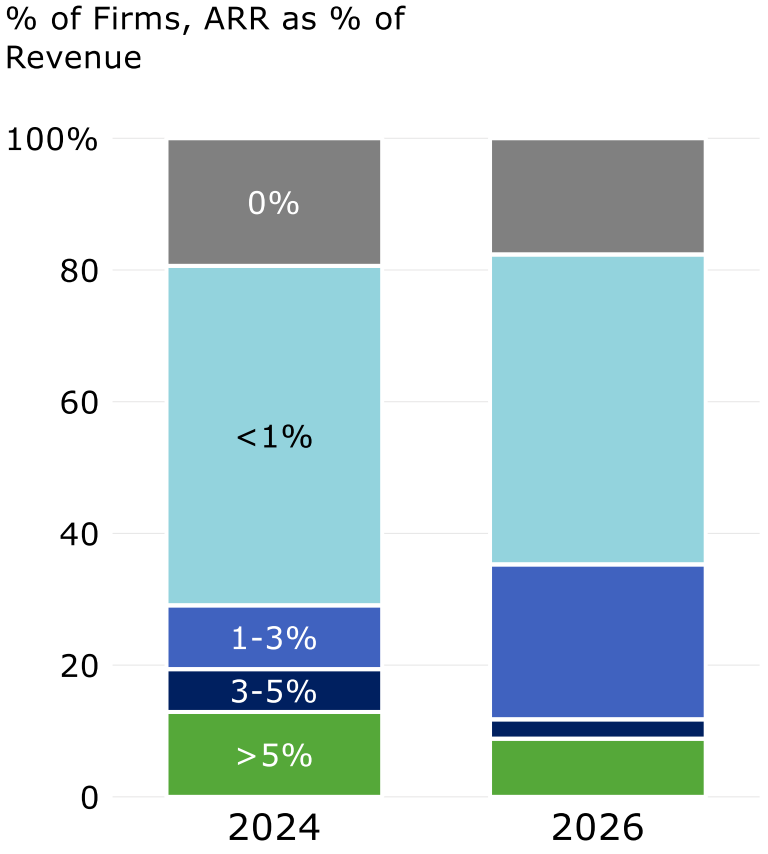
Firms Selling SaaS Are Getting Better At It

More firms are actively selling SaaS, and those that do are improving returns. Compared to last year, these firms have improved profit, likely putting SaaS margins above traditional design work.

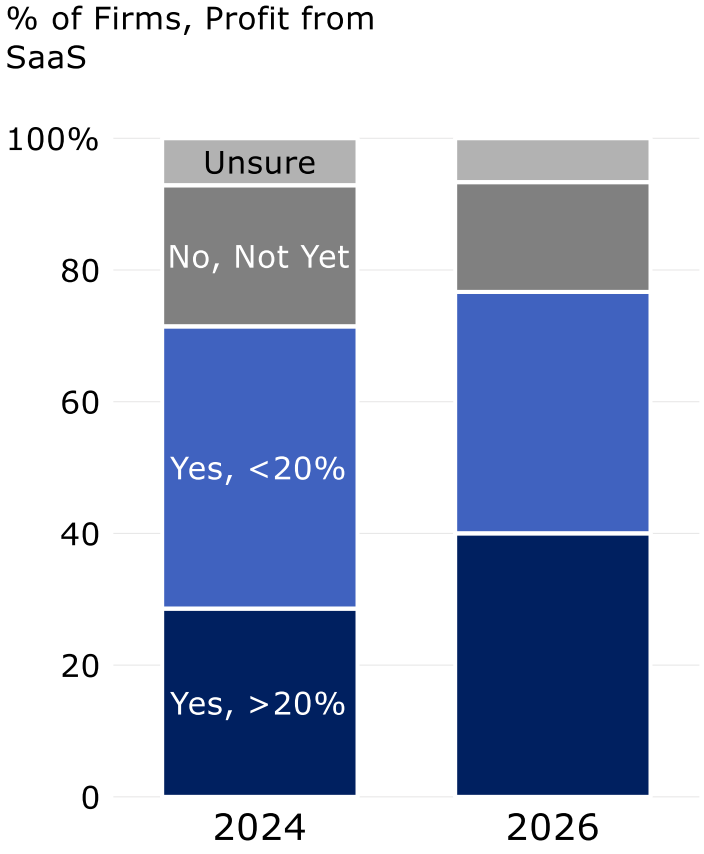
~25% of firms sell SaaS



Average ARR has increased…



… As Have Profit / Margins



Source: 2024-2026 EFCG CEO Survey

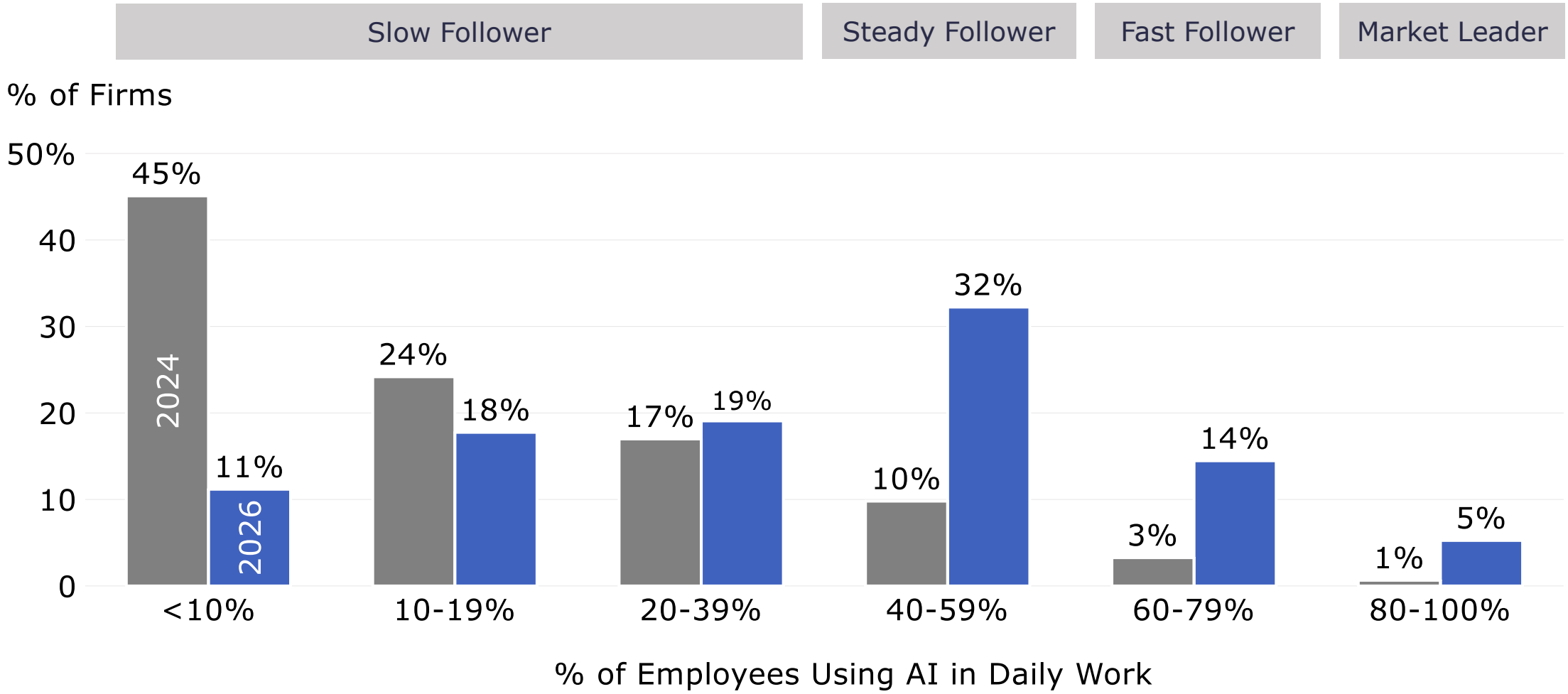
© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

AI Enablement

EFCG

We Now See Leading Firms at 100% Employee AI Use

A leading group of firms is pulling away, while most still cluster below 60% daily use. The emerging sweet spot sits at the trailing edge of the leaders, around 60% to 70%.



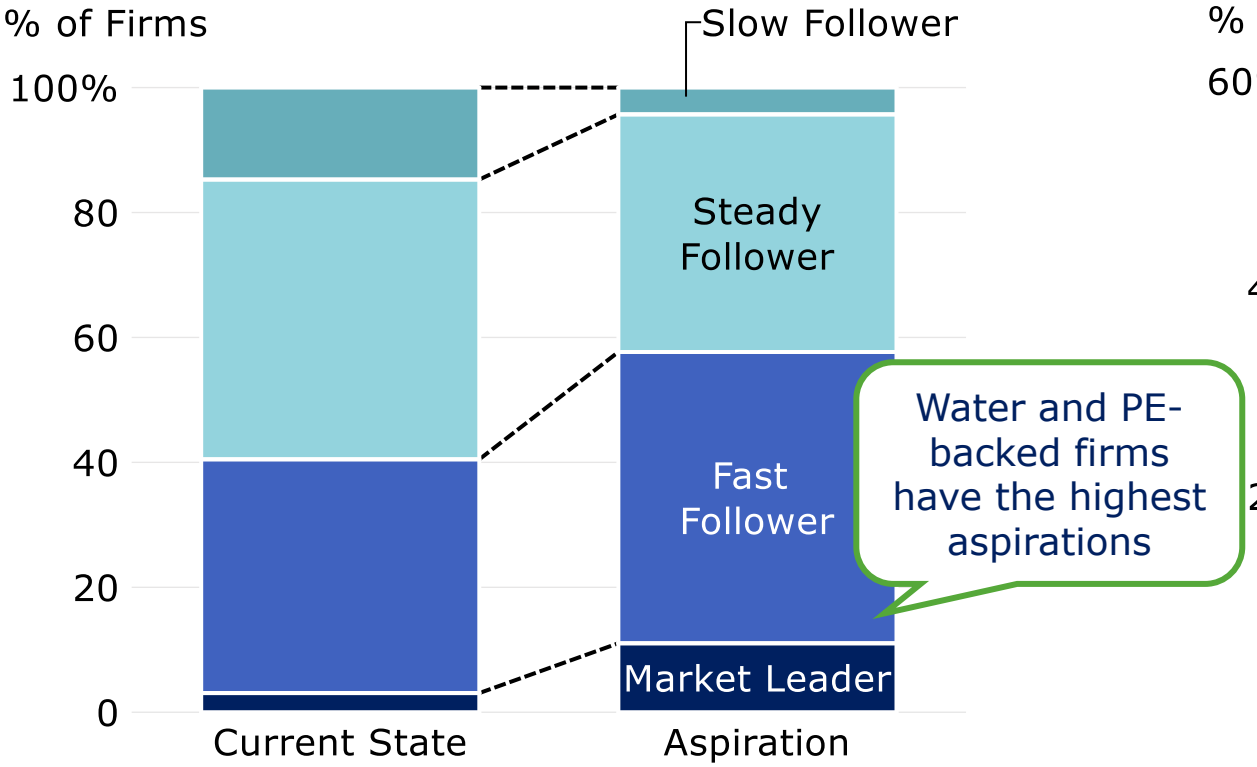
Source: 2024-2026 EFCG CEO Surveys

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

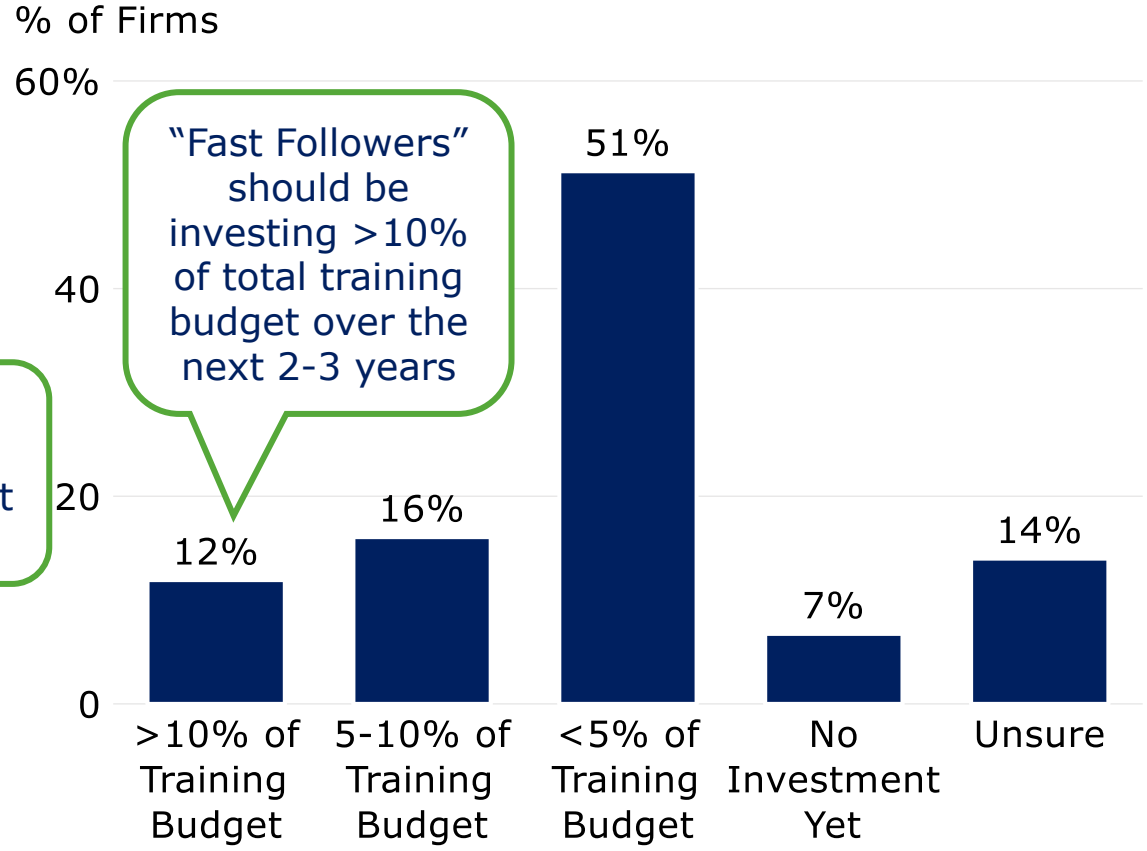
AI Investment Continues To Be Critical for Adoption

AI training is common among AEC firms; however, the majority dedicates less than 5% of training budgets to it, which isn't enough to align with aspirations.

AI Aspirations



Investment in GenAI Training



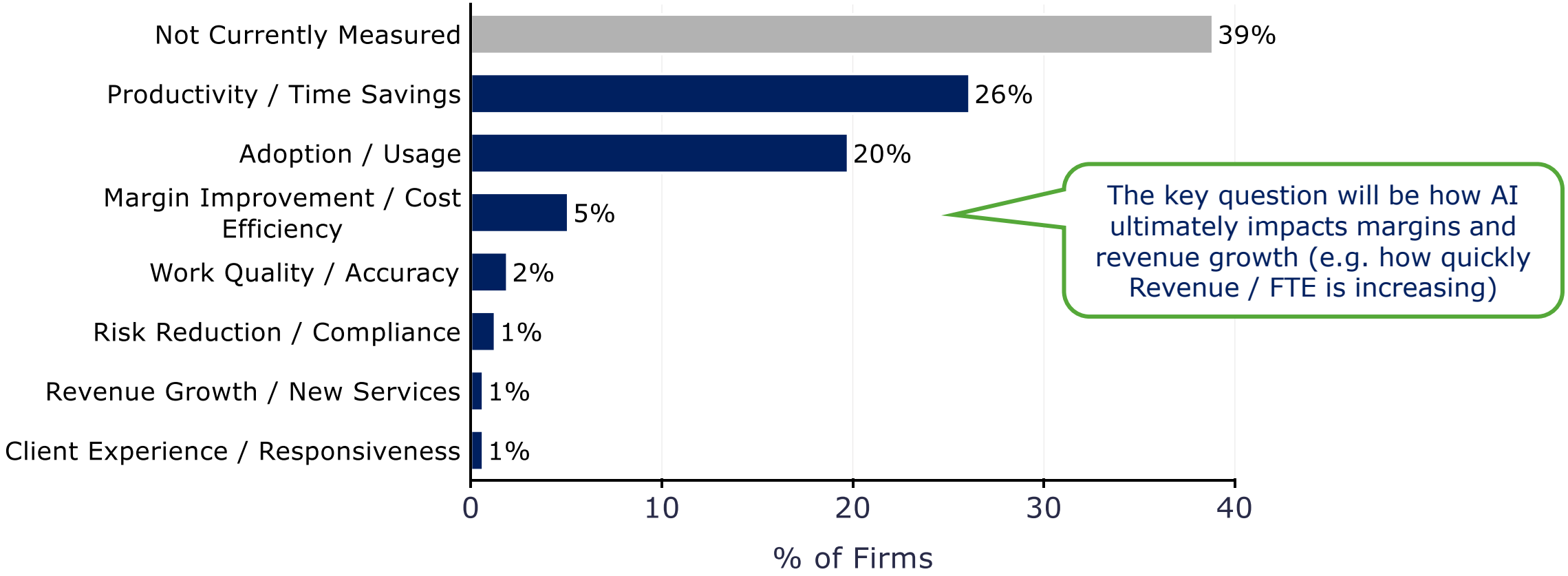
Source: 2026 EFCG CEO Survey Database

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

AI Measurement Focuses on Productivity and Usage, Not Margin

Despite growing adoption, many firms have not yet defined how AI success should be measured.

How does your firm primarily measure AI impact?

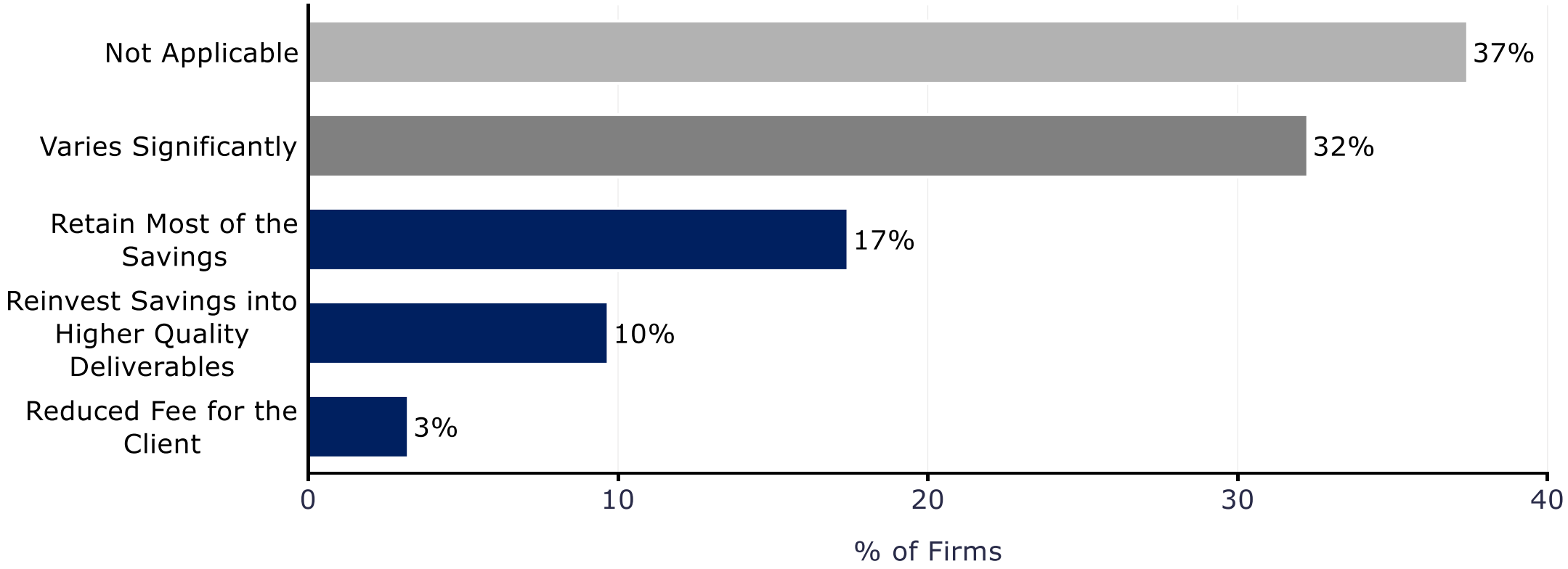


© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Most Firms Aren't Consistently Keeping Tech / AI Savings

Most firms either lack a standard approach to savings from technology or are not yet seeing meaningful cost savings to start.

When technology or AI reduces the hours required to deliver a project, what does your firm typically do with the savings?



© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

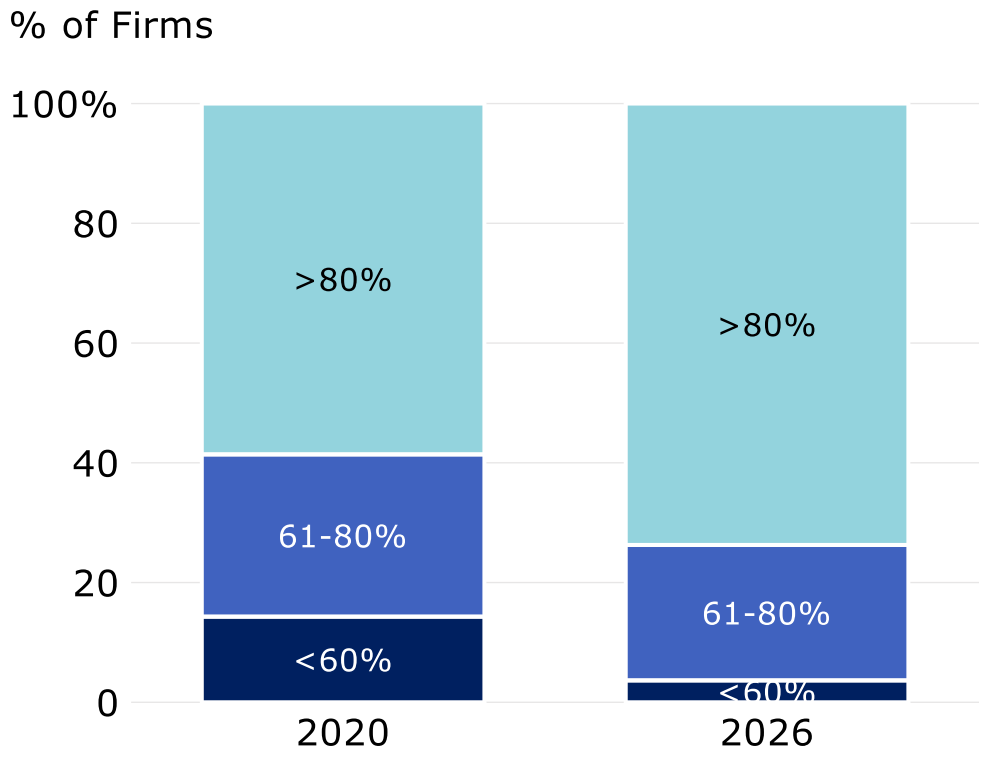
Business Models & Strategy

EFCG

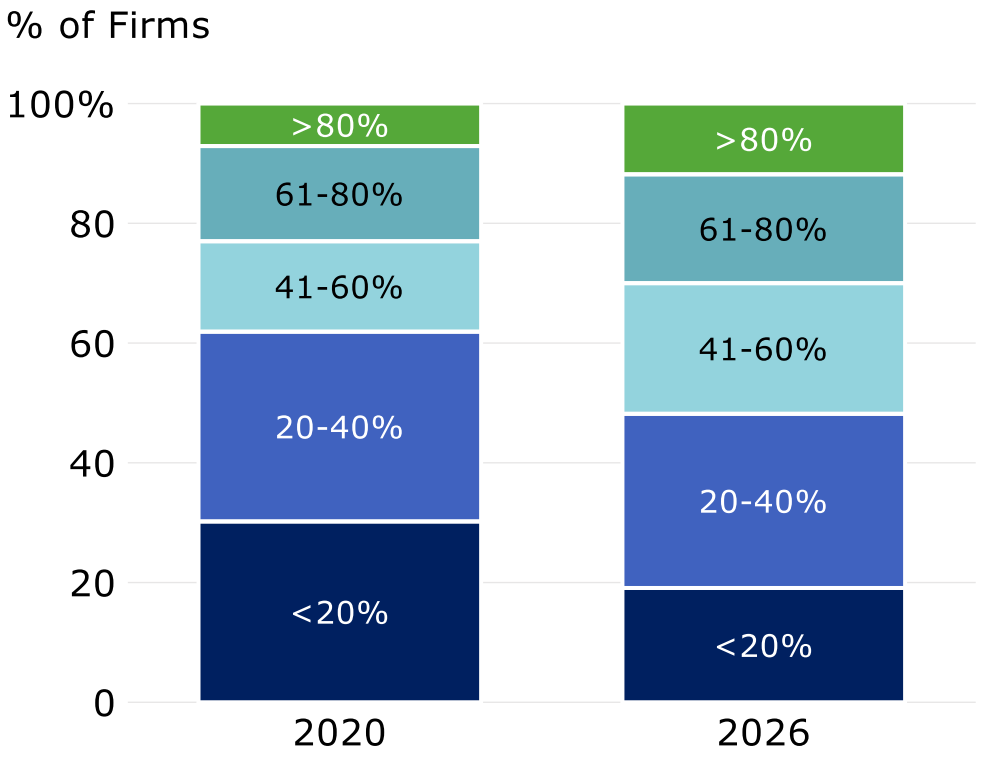
Firms Deepening Relationships With Clients

~75% of firms now derive more than 80% of revenue from repeat clients, up from ~60% of firms in 2020, and the percentage of sole-sourced work has increased in parallel. Does that leverage show up in pricing?

Repeat Work



Sole-Sourced Work

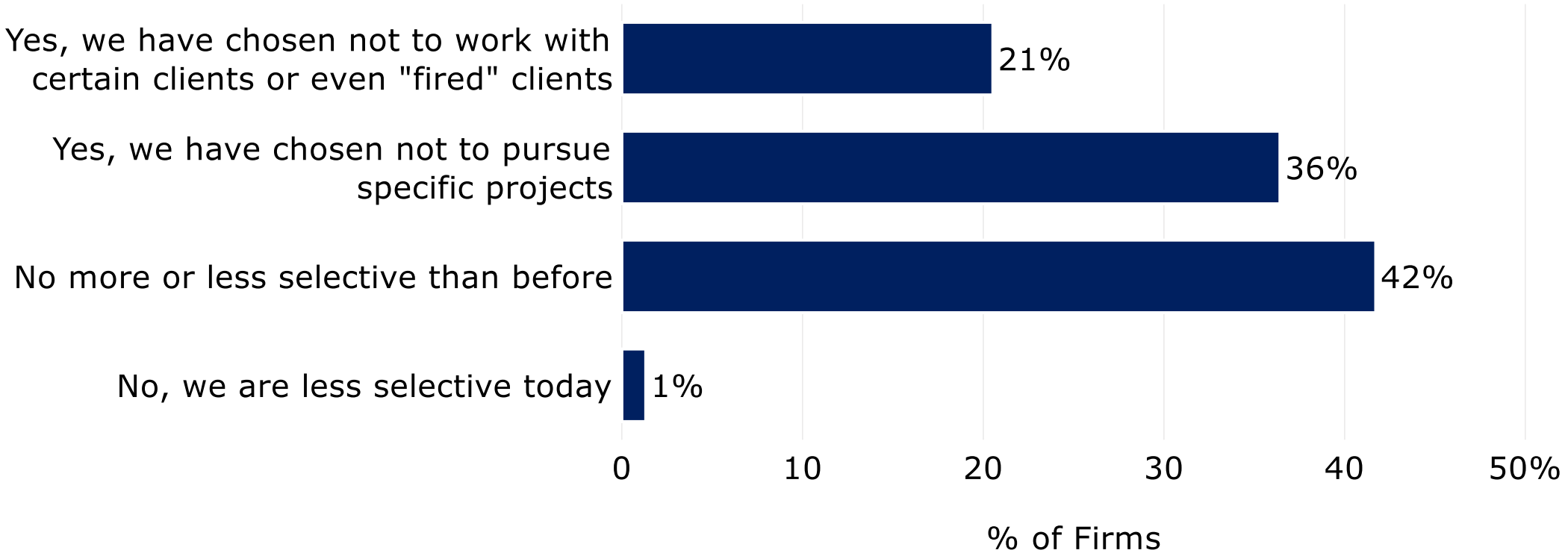


Source: 2020 EFCG CEO Survey; 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Firms Continue To Be Selective About Clients / Projects

~60% of firms say they have been more selective in the last 12 months, with 20% pulling back from specific client relationships altogether.



Selectivity is a barometer of supply and demand in our industry – right now, we hold more leverage

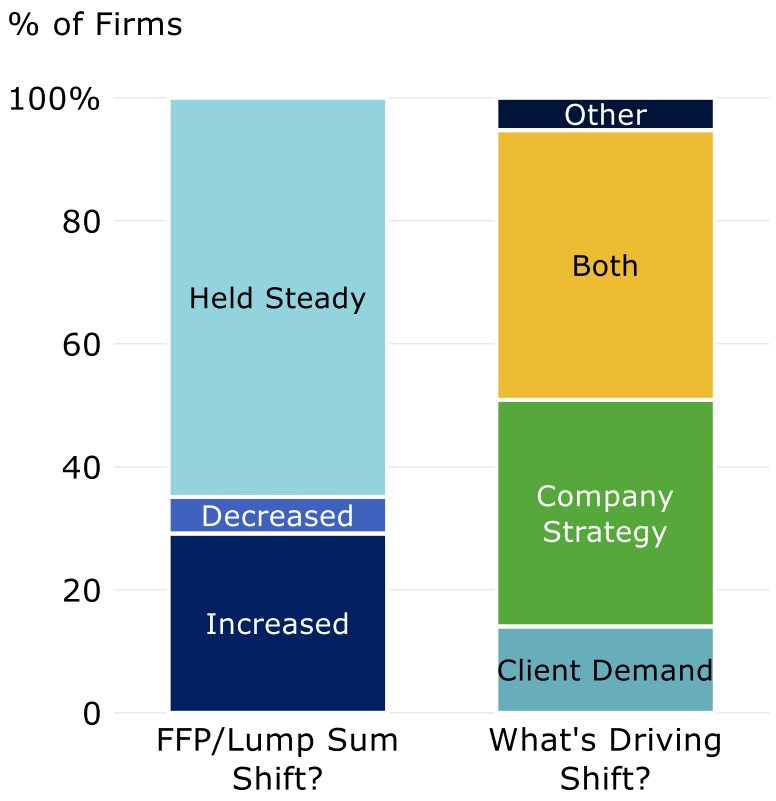
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

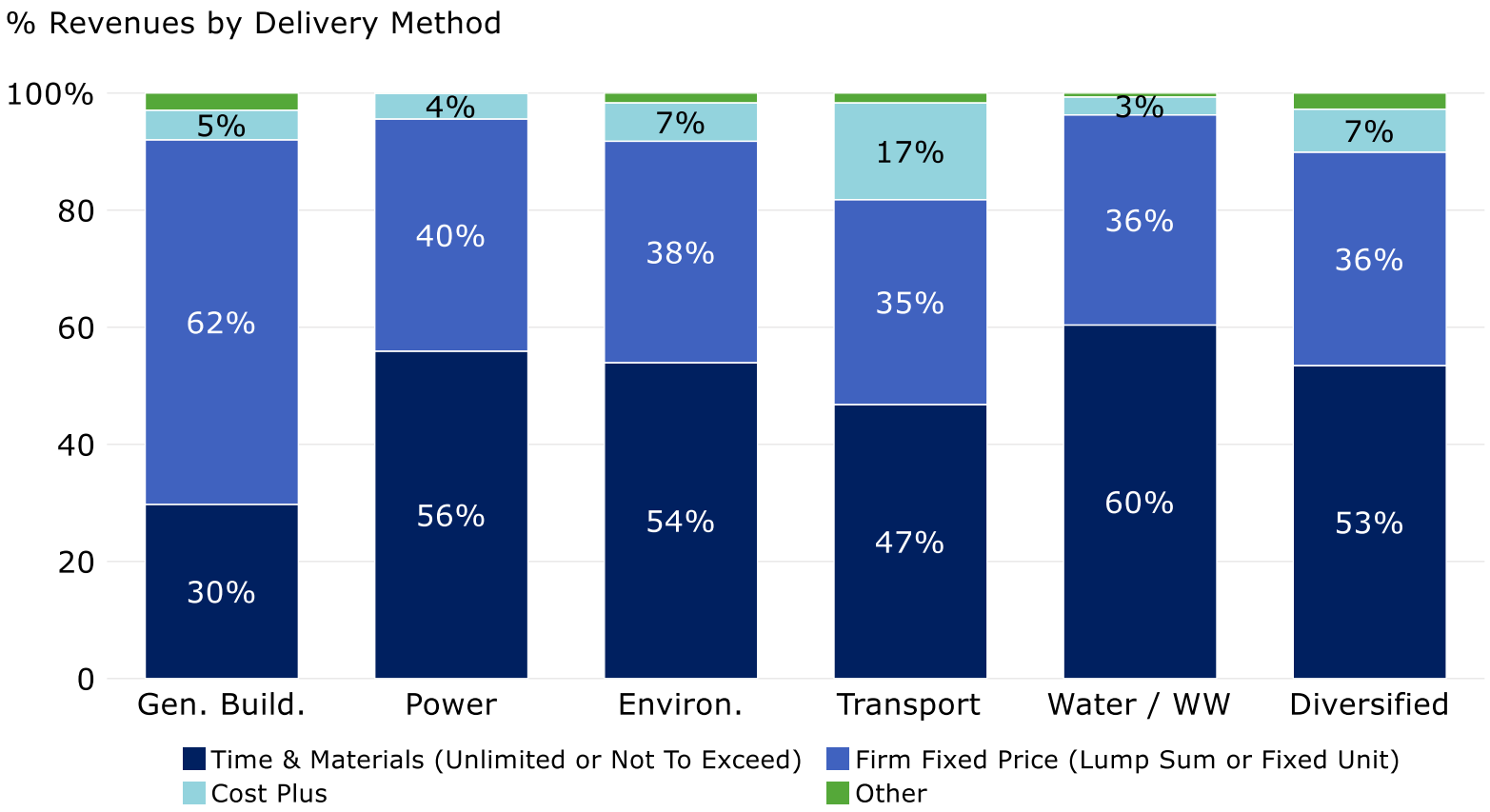
Delivery Methods Are Shifting Towards Fixed Price

Firms shifting towards fixed price are doing so primarily as part of their overall strategy. Differences in client preferences and procurement methods continue to highlight differences across markets.

Firms Shifting Towards FFP…



…But There Are Market-Driven Differences

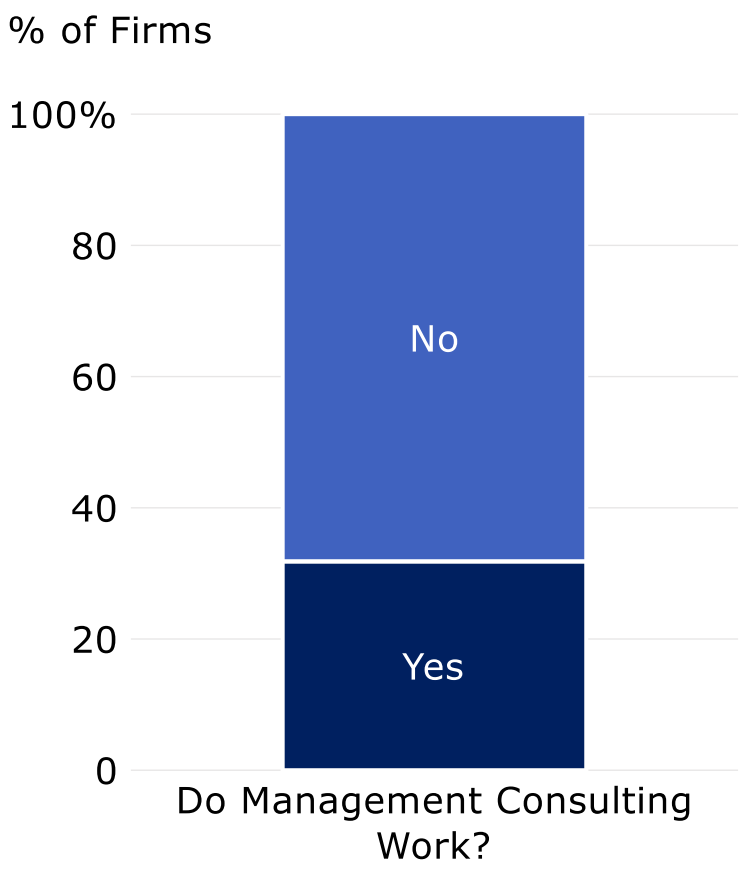


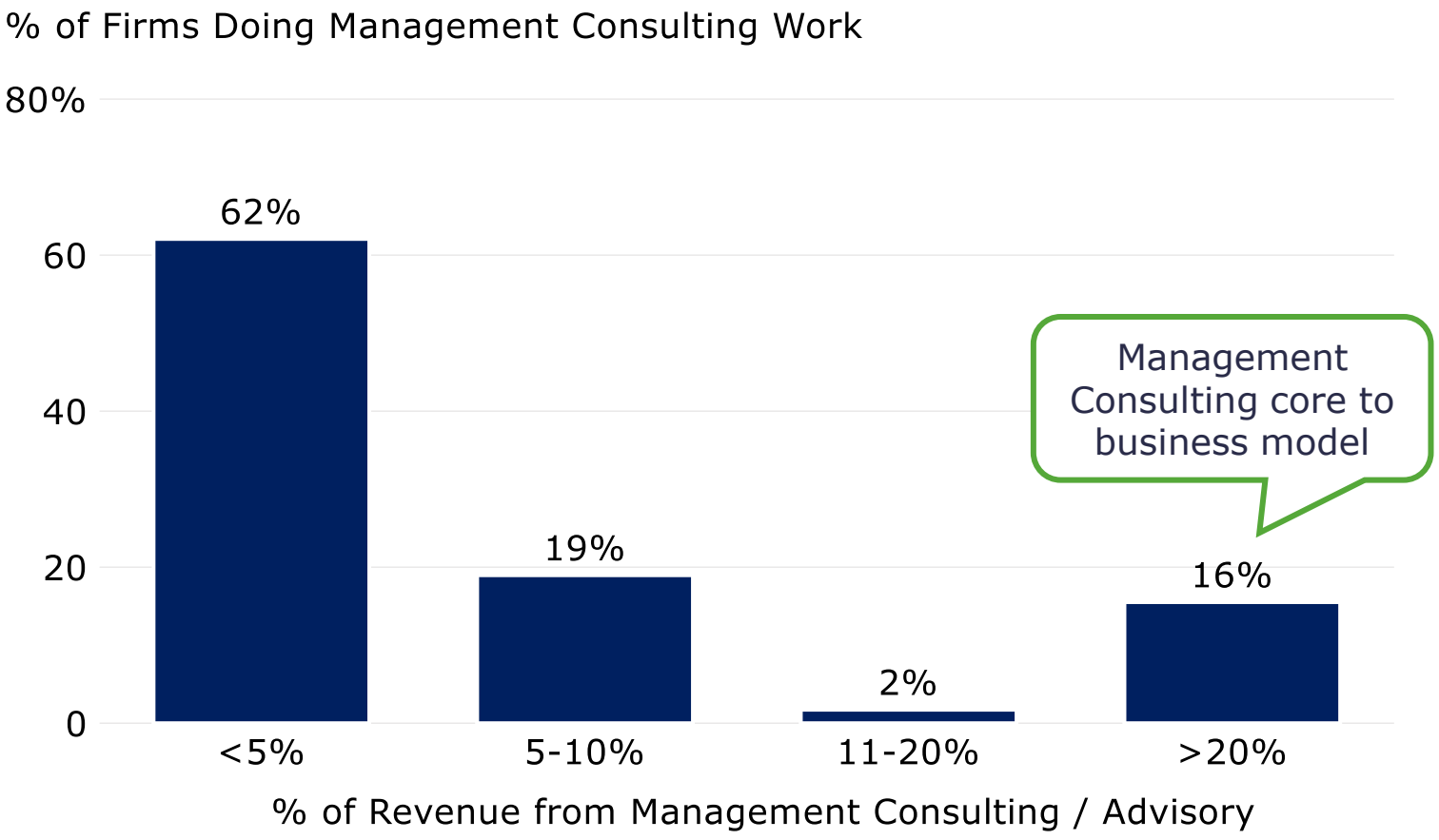
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Management Consulting Is an Emerging Growth Play

Advisory is on many firms' agendas but scaled by very few. About one-third of firms do management consulting work, but among those, 60% generate less than 5% of their revenues from it.





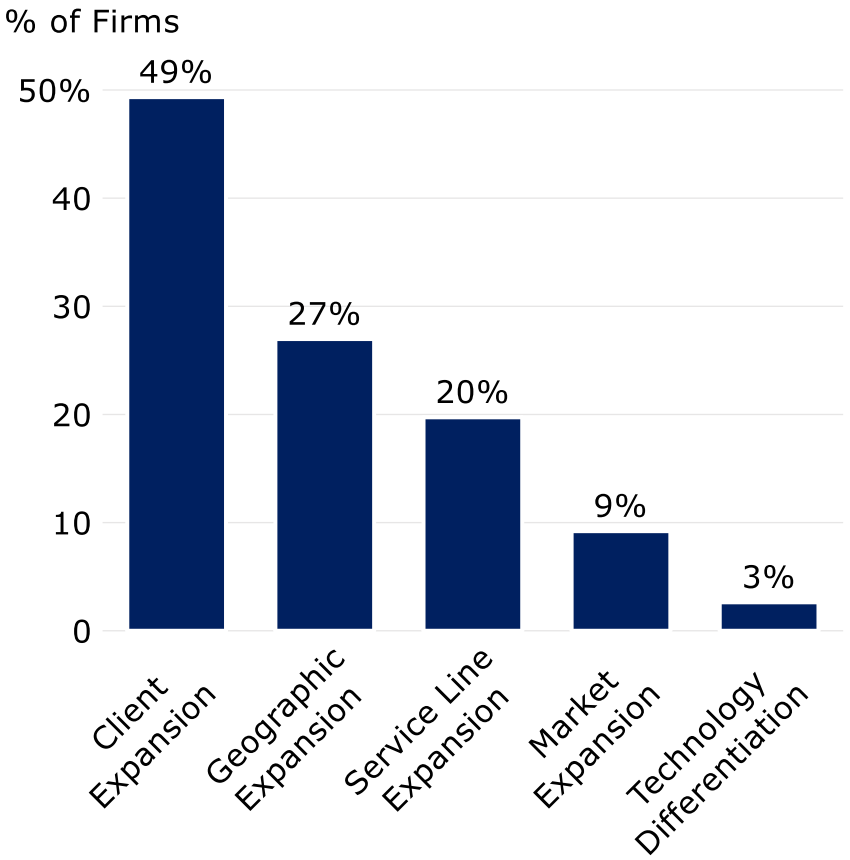
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Growth Strategies Vary as Firms Become More Deliberate

While firms are pursuing growth across clients, geographies, markets, and services, we are also seeing more selective decisions around where to invest, which adjacencies to pursue, and what capabilities to retain.

Primary Growth Strategies



Source: 2026 EFCG CEO Survey

Notable Examples of Divestitures

WOOD — **OCT. 2025**

North American T&D

Sold its North American Transmission & Distribution engineering business.

GHD — **NOV. 2025**

Digital Procurement Platform

Sold its bids&tenders digital procurement platform and transferred the team to Valsoft.

HALEY WARD — **APR. 2026**

BIM and CAD

Sold its BIM division, team, and Final Draft CAD name to ABM Mechanical.

ATLAS — **MAY 2026**

LDAR compliance

Sold its LDAR assets and associated air-quality and emissions-compliance team to Alliance.

EFCG served as an advisor

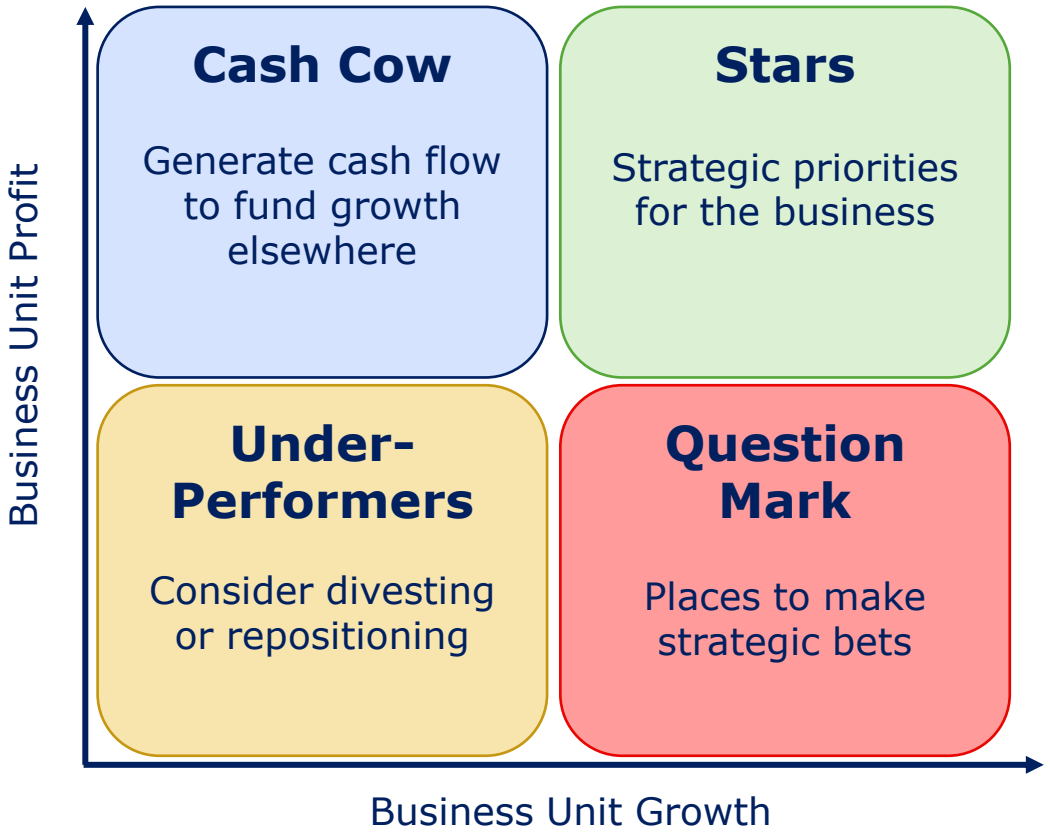
© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

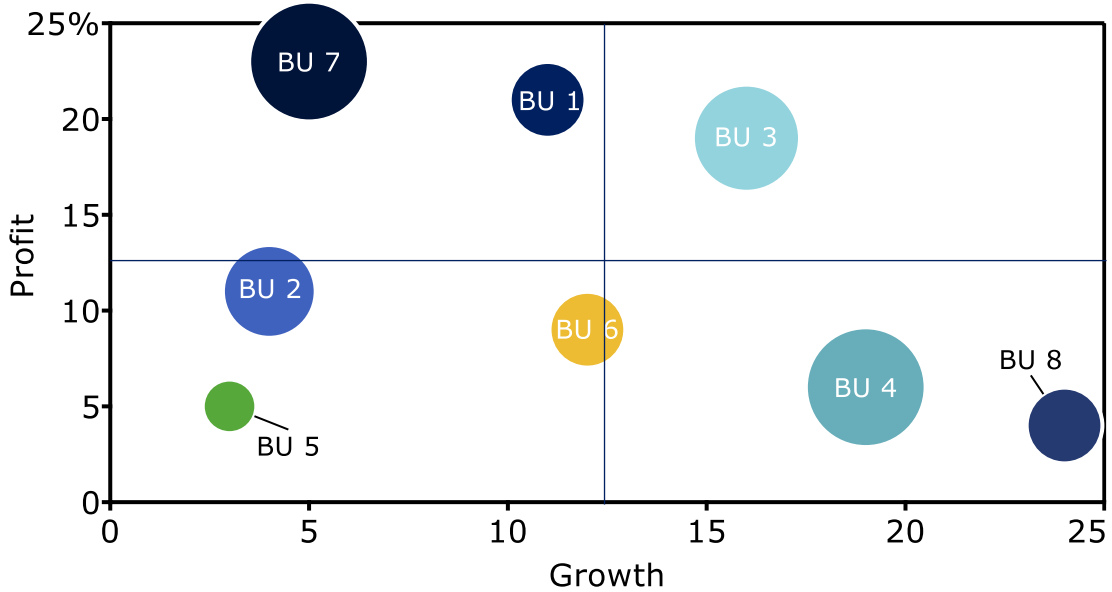
Portfolio Strategy Is Becoming Increasingly Important

EFCG

Portfolio strategies provide firms with a data-driven basis for deciding where to allocate scarce resources and help ensure that growth ambitions are balanced with appropriate risk management.

EFCG Portfolio Strategy Framework





Key Questions and Decisions

- What role should each of our BUs play?
- Where should we shift our talent and capital allocation? Where should we double down?
- At what point should we divest or exit a BU?

EFCG supports firms in assessing their portfolios and connecting the implications to overall business strategy

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Pricing

EFCG

Our Industry Has A Pricing Problem

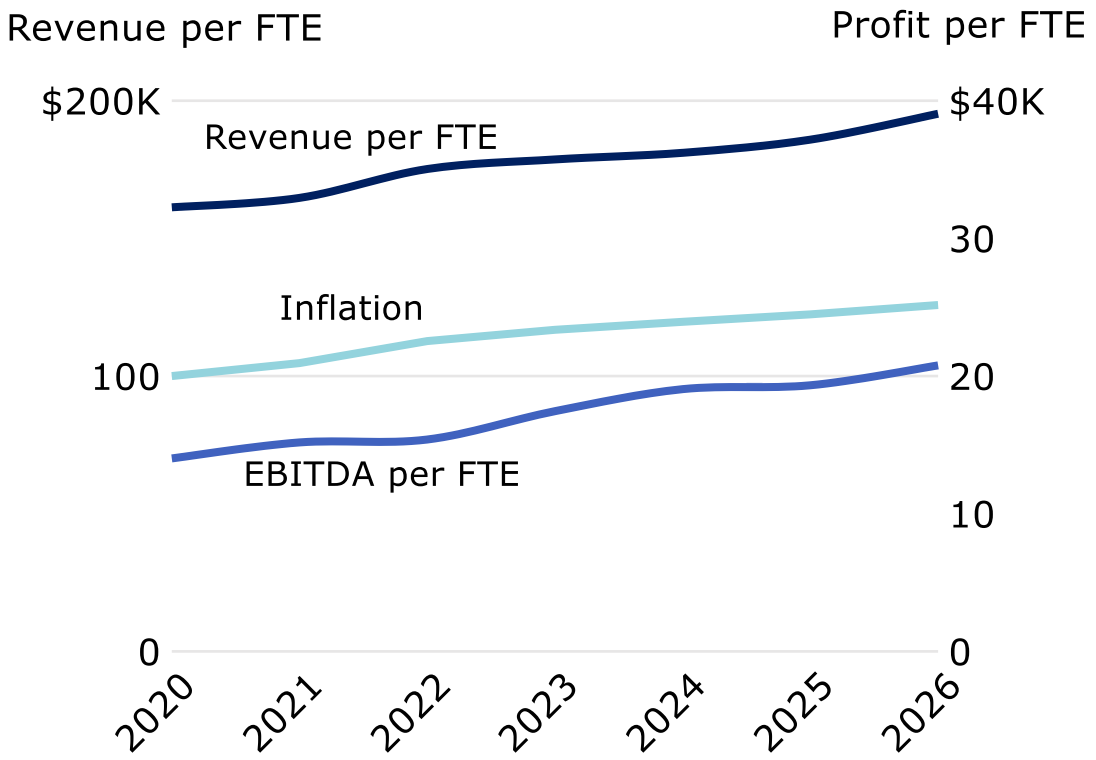
EFCG

Our industry is building more valuable firms – more technology, more advisory, deeper client relationships. So why aren't we able to capture more of the value?

What We're Building

Employees using AI daily 2024 → 2026	**15% → 40%**	▲ **+25 pp**
Firms selling SaaS 2024 → 2026	**21% → 28%**	▲ **+7 pp**
Firms shifting to fixed-price 2025 → 2026	**~30% increased**	▲ **Trend**
Sole-sourced >40% of work 2020 → 2026	**~40% → ~55%**	▲ **+15 pp**
Repeat clients >80% of revenue 2020 → 2026	**~60% → ~75%**	▲ **+15 pp**

What We're Capturing

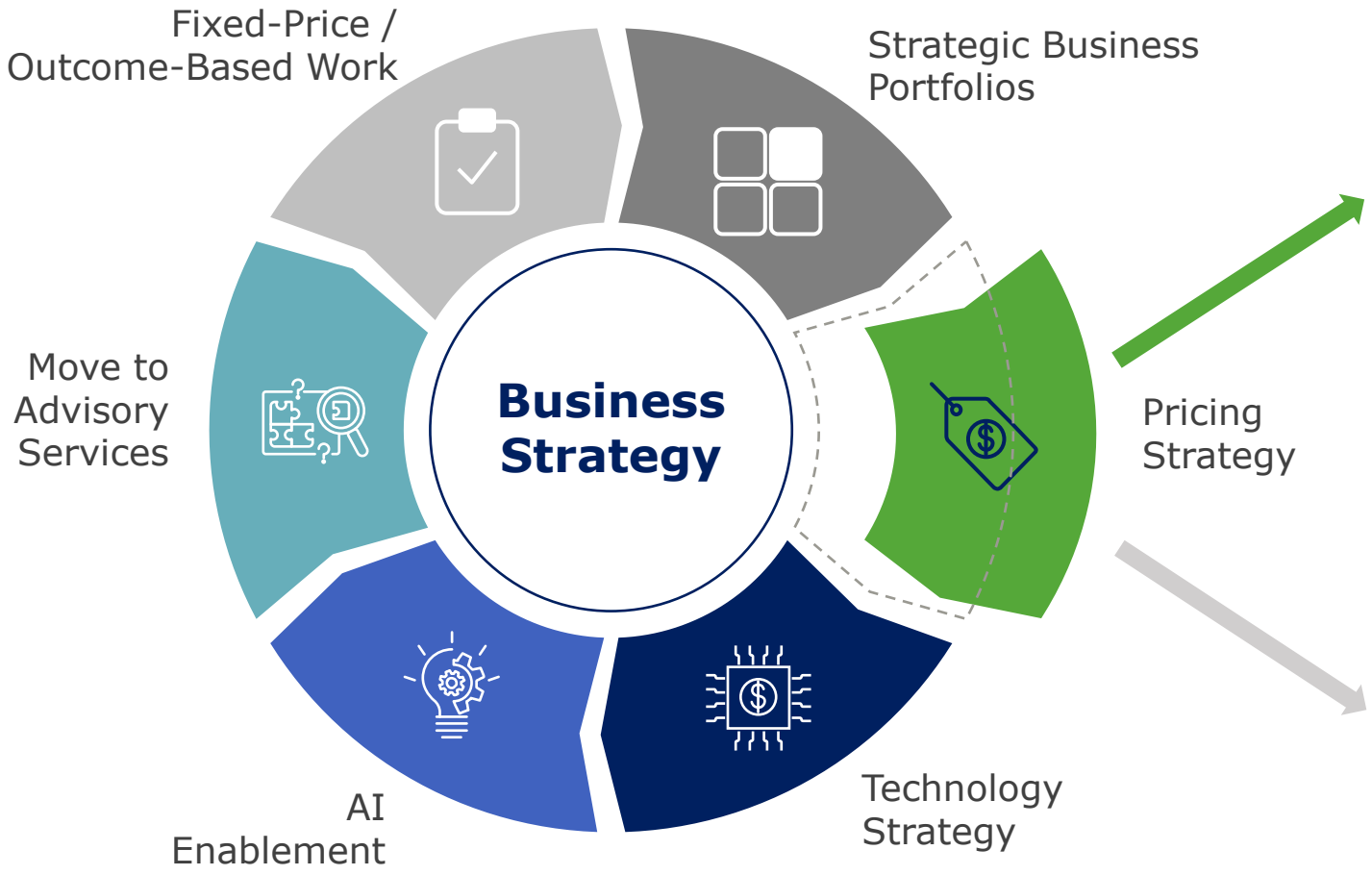


Note: Inflation indexed to 100 in 2020

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Pricing Is Where Strategy Converts to Margin – or Leaks Away

Firms can get every other strategic move right, but pricing is the single decision that determines whether that value stays with the firm or is given away.



Margins Expand

Productivity and advisory value are captured in the fee, and strategic moves are compounded into higher realized margin.

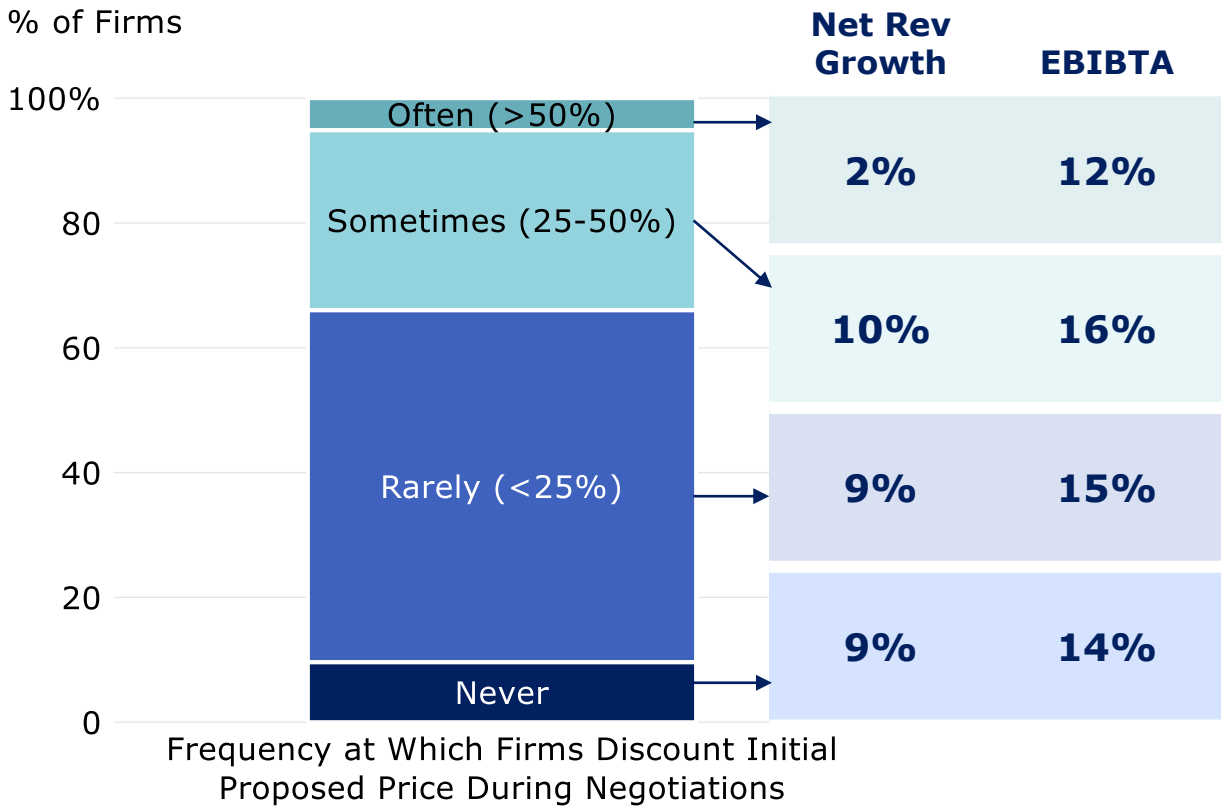
Margins Compress

Gains from tech, advisory, and portfolio moves leak into discounts, fee erosion, and give-backs at the negotiating table.

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Discounting Isn't The Problem

Firms generally maintain strong discounting discipline, with discounts used infrequently and typically limited to less than 10% of initial price. Discount frequency shows little relationship with either growth or profitability, except at the extreme.



While AEC firms rarely discount,

those firms with **Gross Revenues >$100M**

and

a greater presence in **Power** and **Transportation** sectors more frequently discount prices.

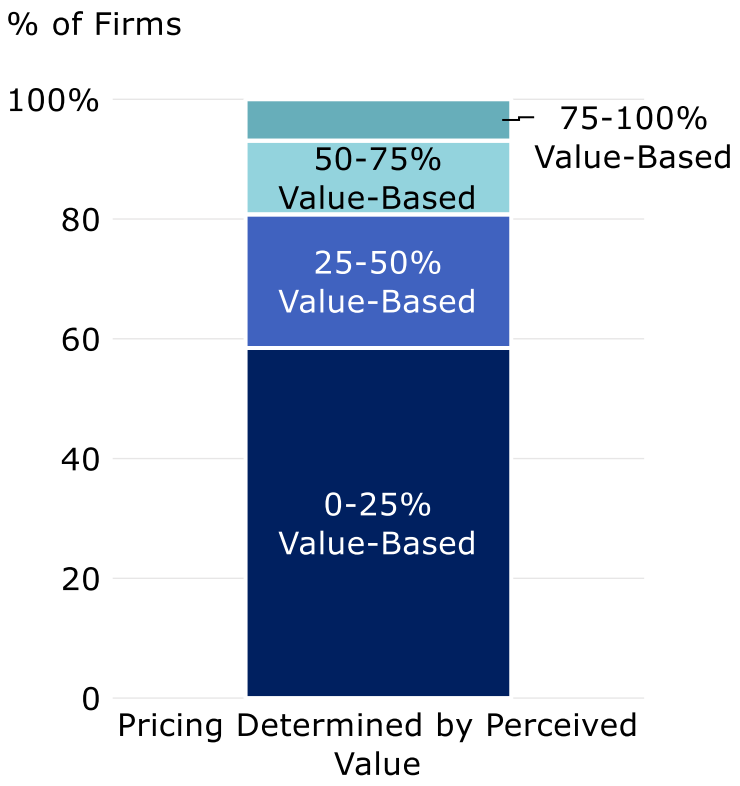
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

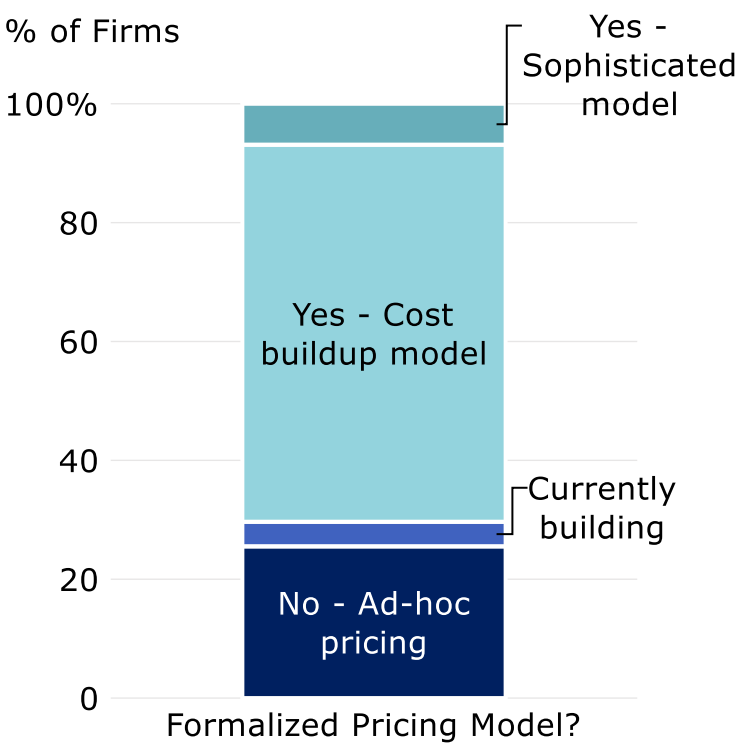
Most Firms Still Price Based on Cost (In A Fixed Price Wrapper)

Firms are moving to fixed price but still pricing it like time and materials. Most base a quarter or less of their fixed-price contract fees on perceived value, and only ~20% price at least half of it on value.

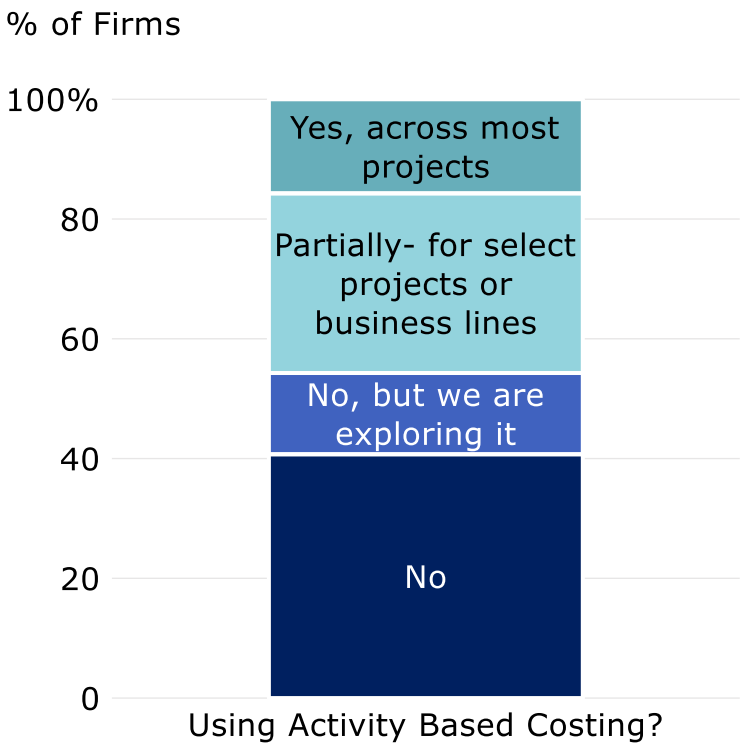
Fixed-Price Pricing Strategy



Formalized Pricing Models



Activity-Based Costing



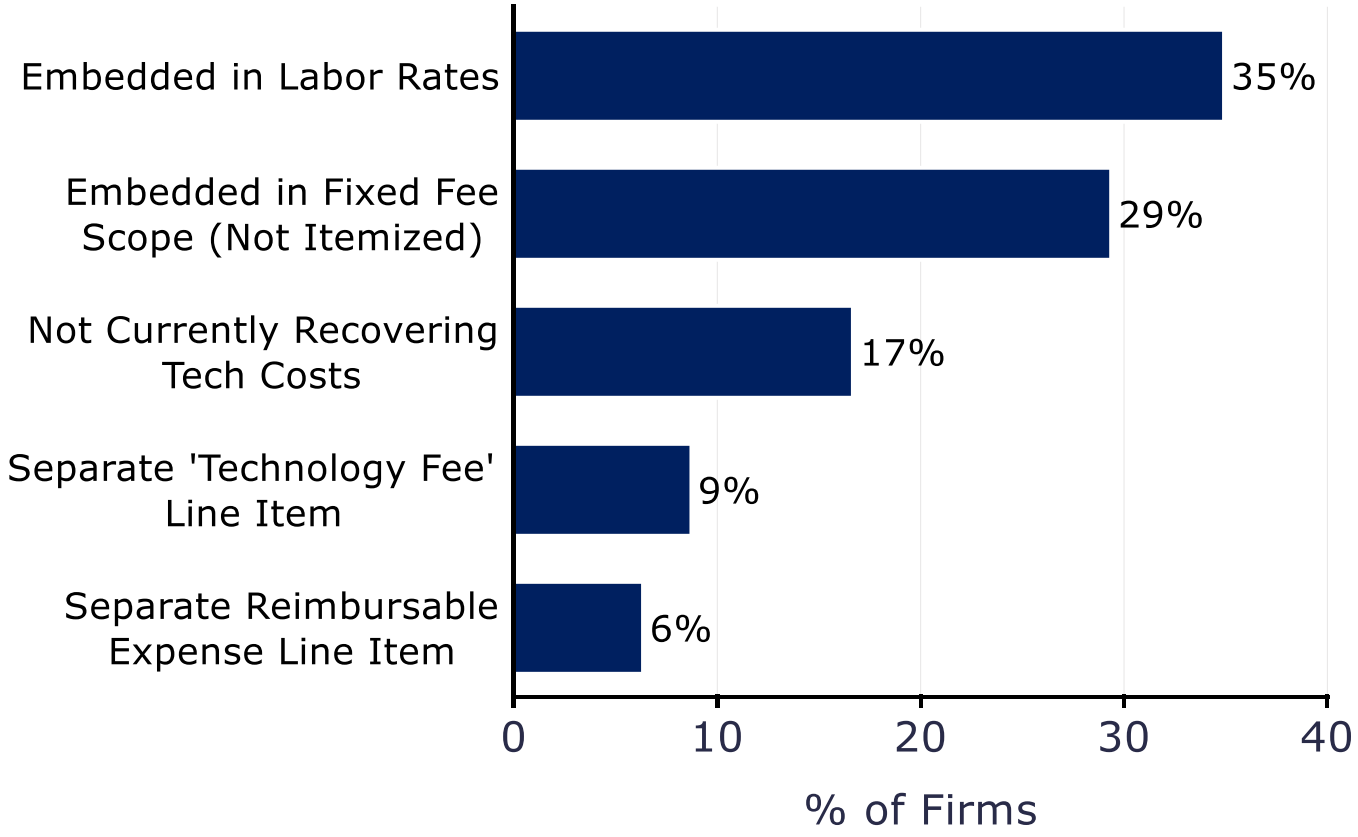
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Few Firms Treat Technology as a Visible Client Cost

Most firms are embedding technology-related costs within their project and labor fees, rather than showing them as separate line items. 17% of firms, however, are not currently recovering these costs at all.

How are technology-related costs typically presented to clients?



Considerations for Tech Cost Recovery

- Can firms recover more of their tech investment when costs are charged separately rather than embedded in labor rates?
- How long will clients accept separate tech fees?
- Should tech cost recovery vary by client or project type rather than follow one firmwide approach?
- How can firms best communicate that technology adds value (rather than just cost)?

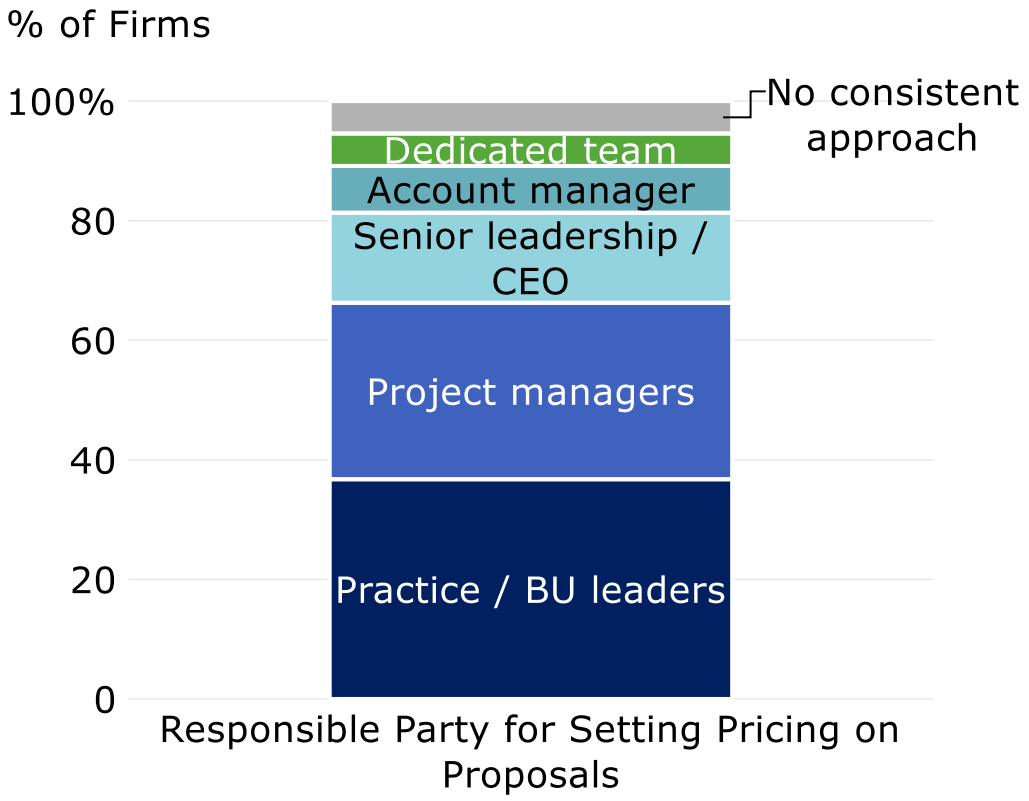
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

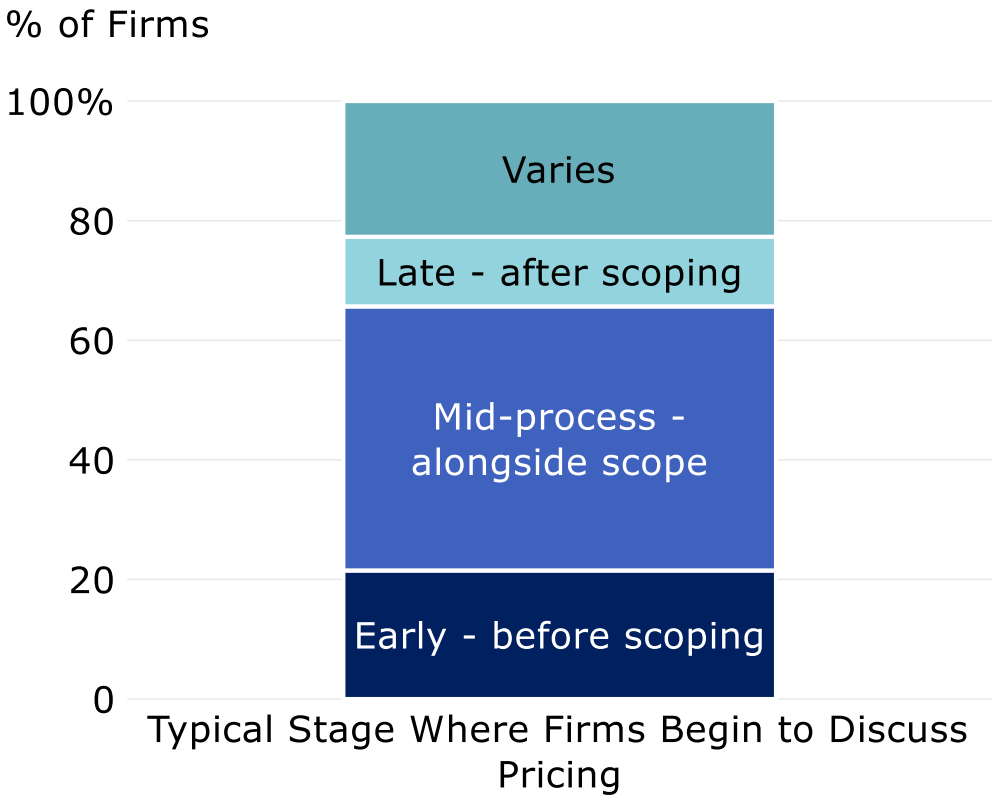
Pricing Strategy Varies Widely Across Firms

Pricing is often set by PMs or Practice Leads, and often mid-process alongside scope.

Firms Set Pricing At Different Levels



Pricing Discussions Begin at All Stages



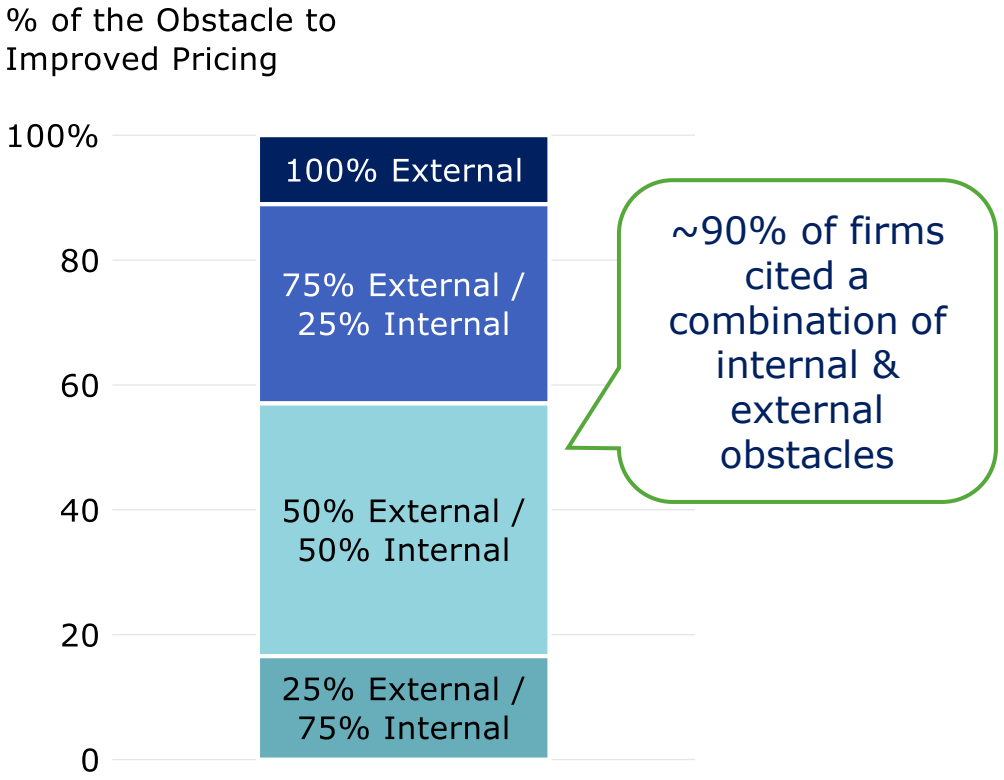
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

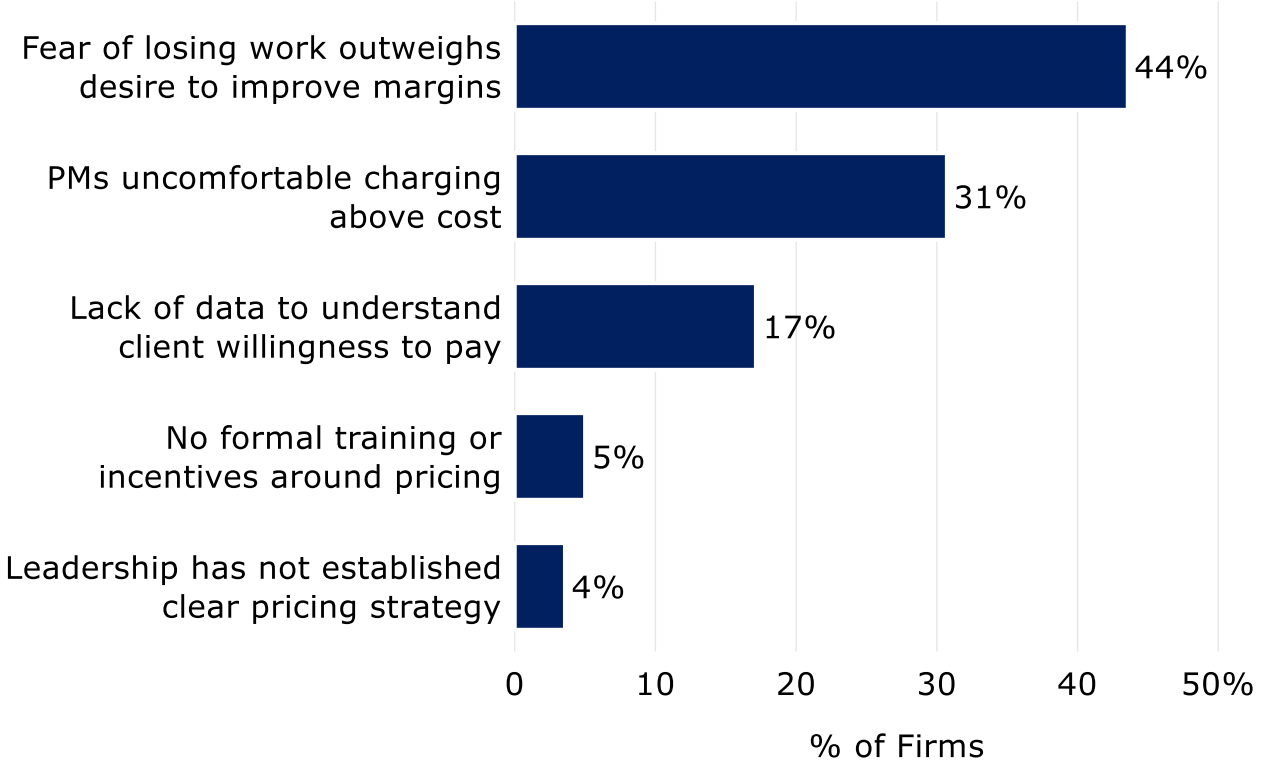
The Obstacles to Better Pricing Are Both Internal and External

Although it's easy to highlight external obstacles to better pricing, there are significant internal obstacles to overcome with training, change management, and research.

Obstacles to Improved Pricing



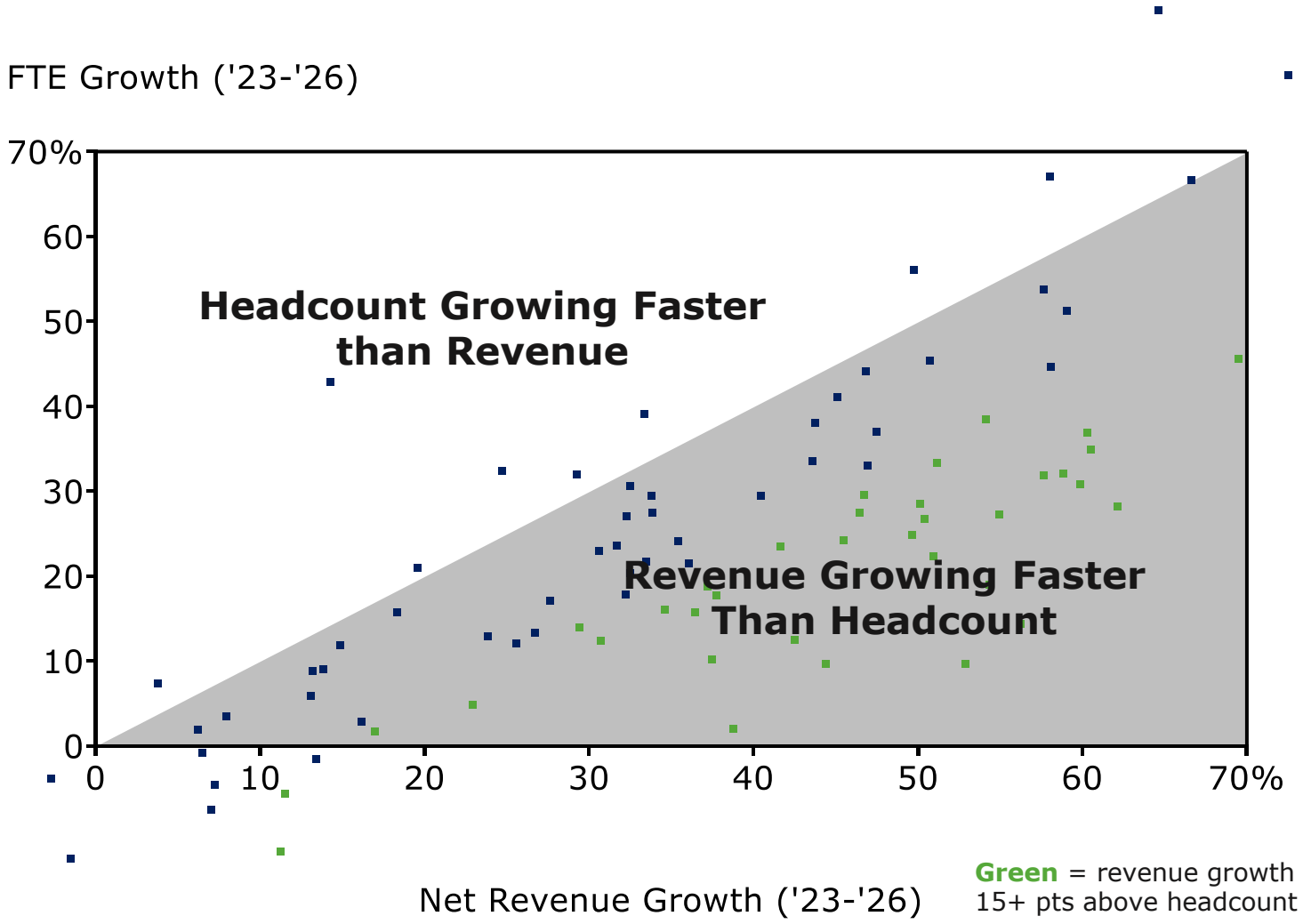
Largest Internal Obstacles To Improving Pricing



Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

What Are "Green Dot" Firms Doing Differently?



Green Dots = Fundamentally Evolving Business Model?

- Firms in green are growing revenue 15 pts faster than headcount
- These firms are more likely to get revenue from advisory, tech, or other IP combined with intentional pricing based on value, not cost
- These firms are also disproportionately holding onto savings from technology instead of giving it away

Source: 2026 EFCG CEO Survey Database

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

The 2027 Pricing Playbook

EFCG

01

Invest in a Pricing Model That Goes Beyond Cost

Build the underlying infrastructure to price deliberately. Consider easy ways to incorporate client willingness to pay, competitive dynamics, strategic priorities, etc.

02

Start Talking About Value – Starting Internally

Clients may not be ready to talk about value, so change the internal conversation first – train and incentivize PMs to hold price based on the value you provide.

03

Capture the AI Dividend

Every hour AI saves is either a margin point you keep or a discount you hand your client. Be deliberate around when you choose to give the value away.

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Agenda

01 Welcome & Overview

02 Update on Key Industry Metrics and Activity
- Key Metrics
- Mergers & Acquisitions

03 Looking Ahead: Industry Trends
- The Productivity Challenge
- Technology Strategy
- AI Enablement
- Business Models & Strategy
- Pricing

04 **Key Takeaways**

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

EFCG 2026 Data Pack

For 2026 EFCG CEO Conference Attendees, we are also providing a **2026 Data Pack**

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

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Looking For Even More Benchmarks?

EFCG

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

Type of analysis

Exhibit 4a

PRODUCTIVITY ANALYSIS

"MU Factor" and Time-Based Utilization

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	3.23		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.

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Key Takeaways

The fundamentals of our industry remain solid

- Growth and profit are steady, and we continue to outperform the broader economy, but the spread across firms is widening
- Client relationships are deepening, while client/project selectivity indicates that we still have significant leverage relative to clients

The business model is evolving on multiple fronts

- We are building increasingly valuable firms with AI adoption/ enablement, more technology in delivery, shift towards fixed-price work, and more advisory work
- However, this value creation doesn’t necessarily translate to margin

Aligning pricing to these shifts will complete the flywheel

- We need to keep more of the value that we are creating – none of these moves reach the bottom line unless pricing moves with them

Ask Us Questions

Rebecca Zofnass
rzofnass@efcg.com
https://calendly.com/rzofnass

Share Your Feedback

We value your input!

Please take a moment to share your thoughts on this session in the Day 1 Evaluation.

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Email efcg@efcg.com

Visit www.EFCG.com

Connect with Us

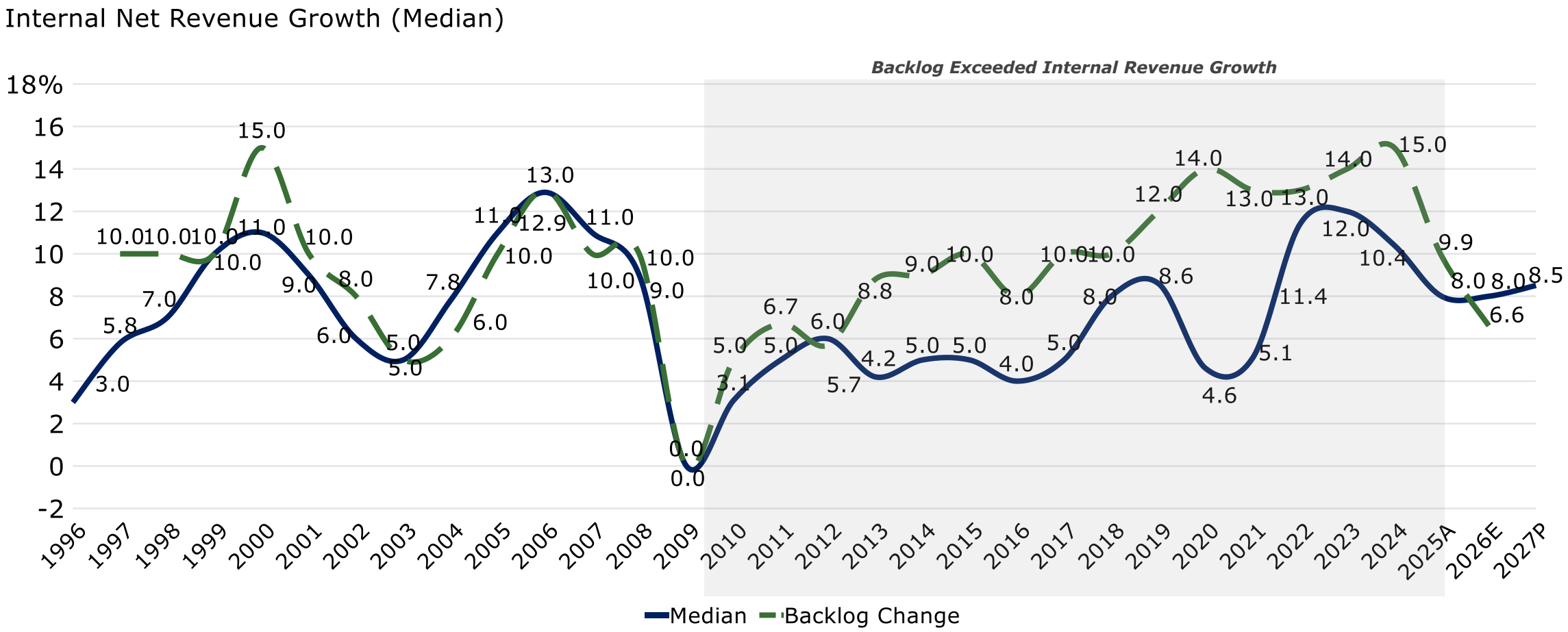
© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

EFCG

Appendix

Backlog Surplus Has Largely Been Absorbed

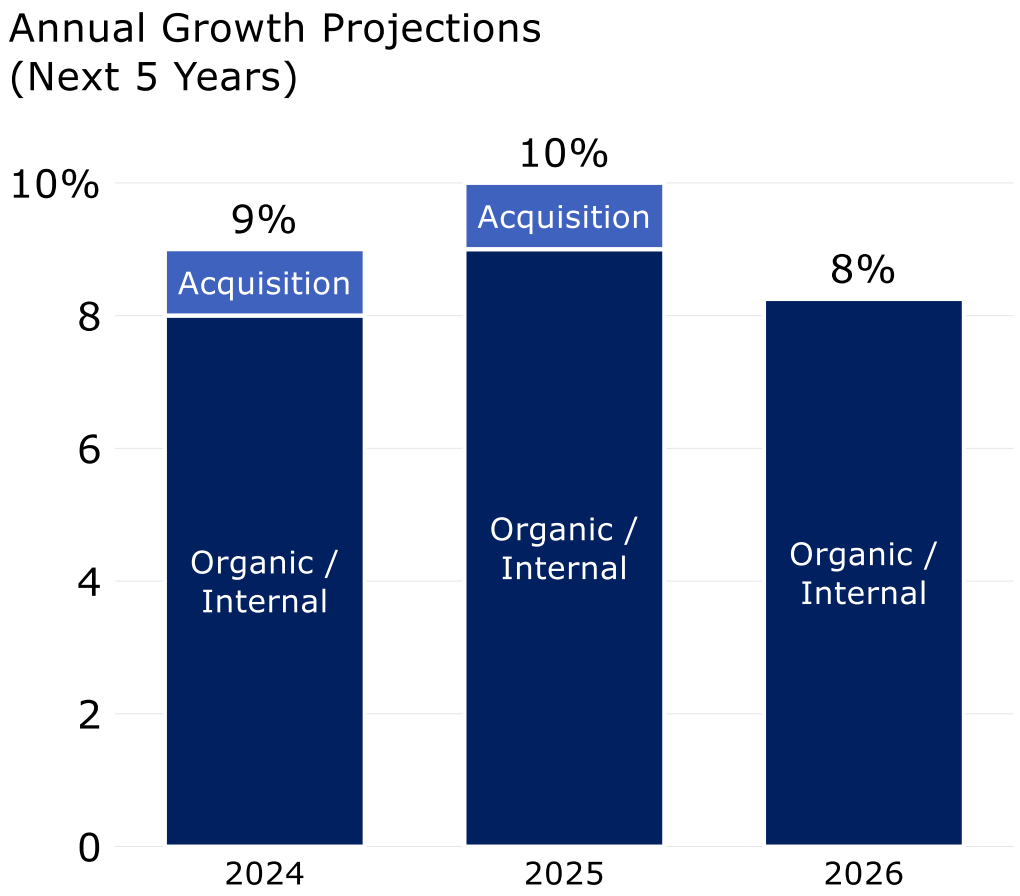
Until 2012, backlog growth tracked closely with firms' internal growth but then diverged for the next decade with higher backlog growth than internal growth. Current estimates for 2026 have backlog growth more aligned to revenue growth, suggesting firms have mostly worked through the "surplus."



Source: 1996-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Growth Projections Over the Next Five Years Dip Slightly



Are firms recalibrating after a period of elevated growth expectations?

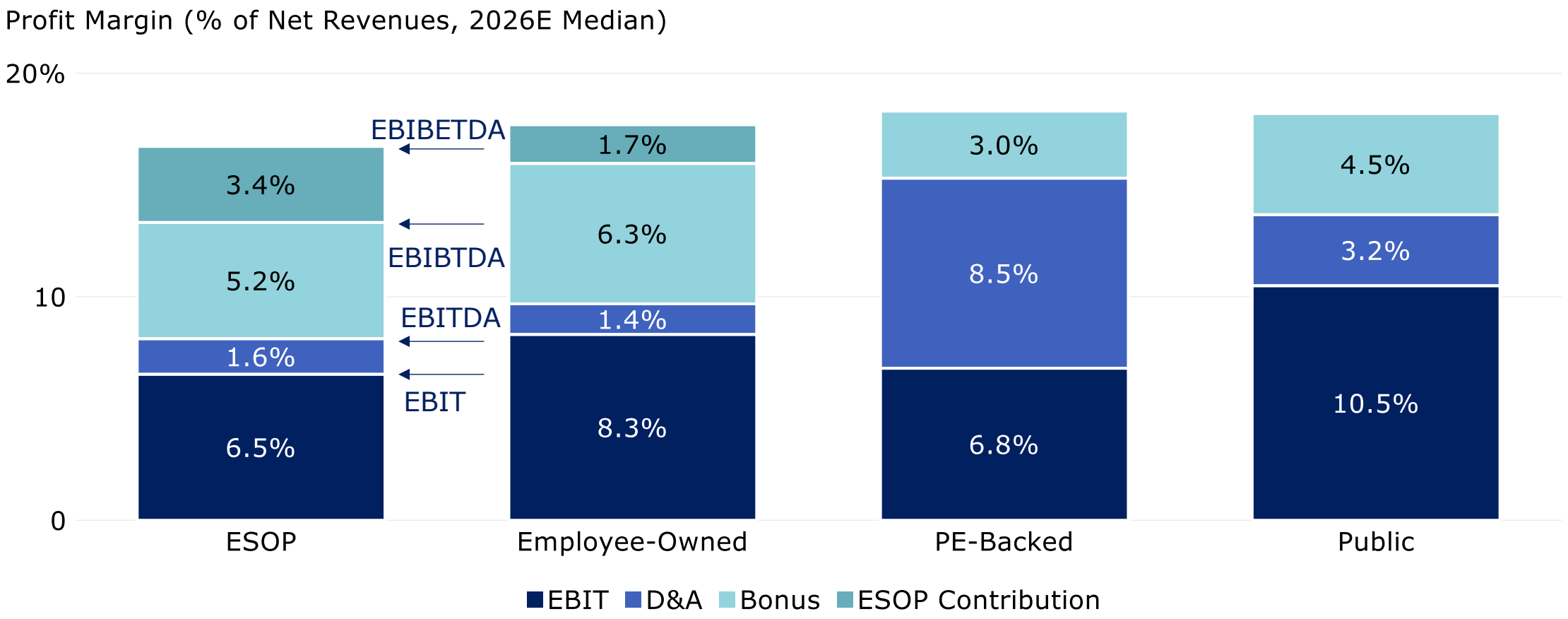
Does the 2026 dip reflect normalization, or a meaningful change in the industry outlook?

Note: Median projected acquisitive growth is zero from 2026 survey responses.
Source: 2024-2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

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!



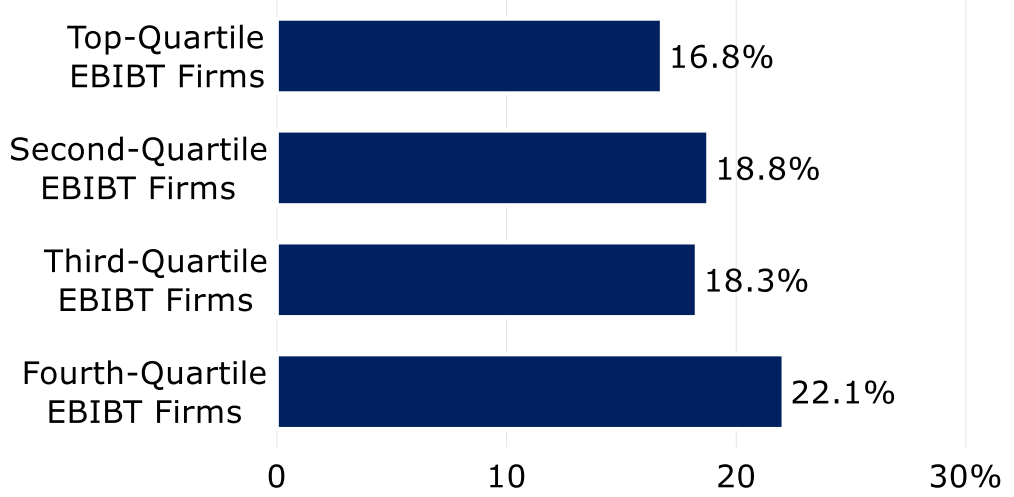
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Higher Profit Firms Spend Less on Key Overhead Categories

Firms landing in the top quartile for EBIBT typically spend less on both 6+ Buckets and non-billable time of billable people.

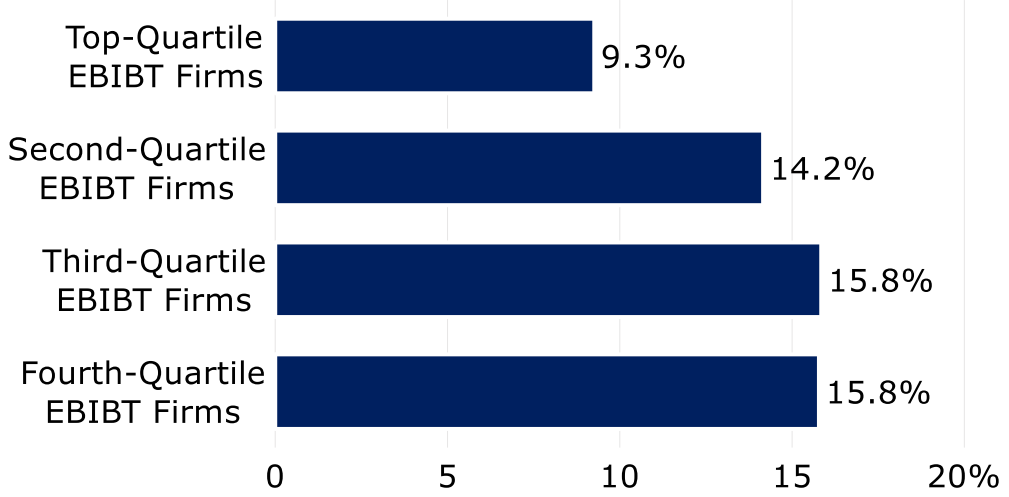
Median 6+ Bucket Spend (As a % of Net Revenues)



Top-quartile EBIBT firms spend **5.3 percentage points less** on 6+ Buckets than bottom-quartile firms.

The top 10% of EBIBT performers spend **13.1% of Net Revenue** on 6+ Buckets.

Median Non-Billable Time of Billable People Spend (As a % of Net Revenues)



Top-quartile EBIBT firms spend **6.5 percentage points less** on Non-Billable Time than bottom-quartile firms.

The top 10% of EBIBT performers spend a median of **7.7% of Net Revenue** on Non-Billable Time

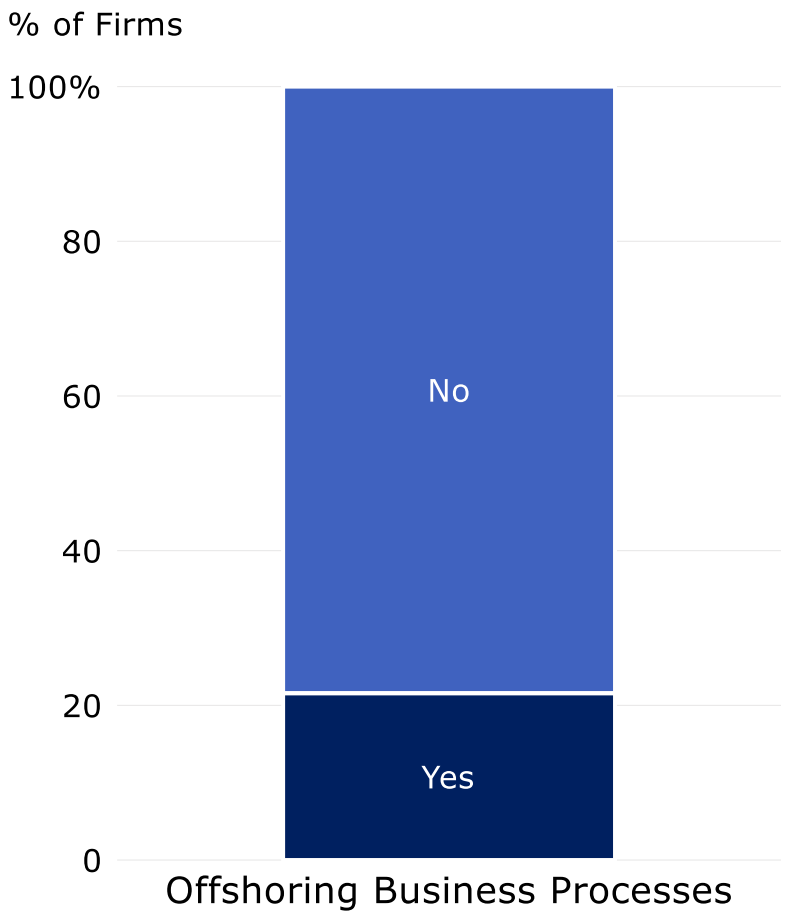
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

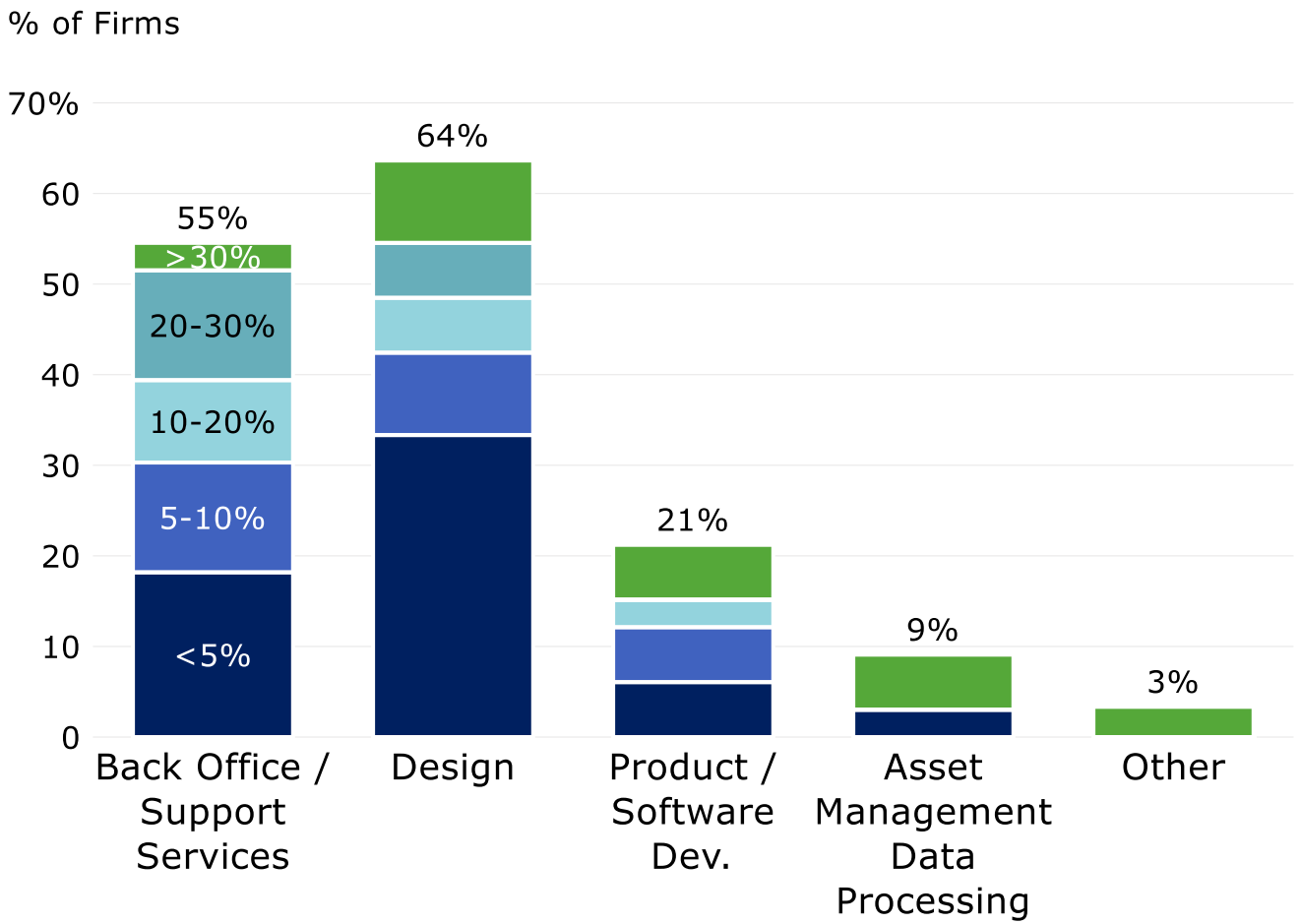
Design Is Increasingly Being Offshored, Along With Back Office

EFCG

Offshore Any Business Processes?



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



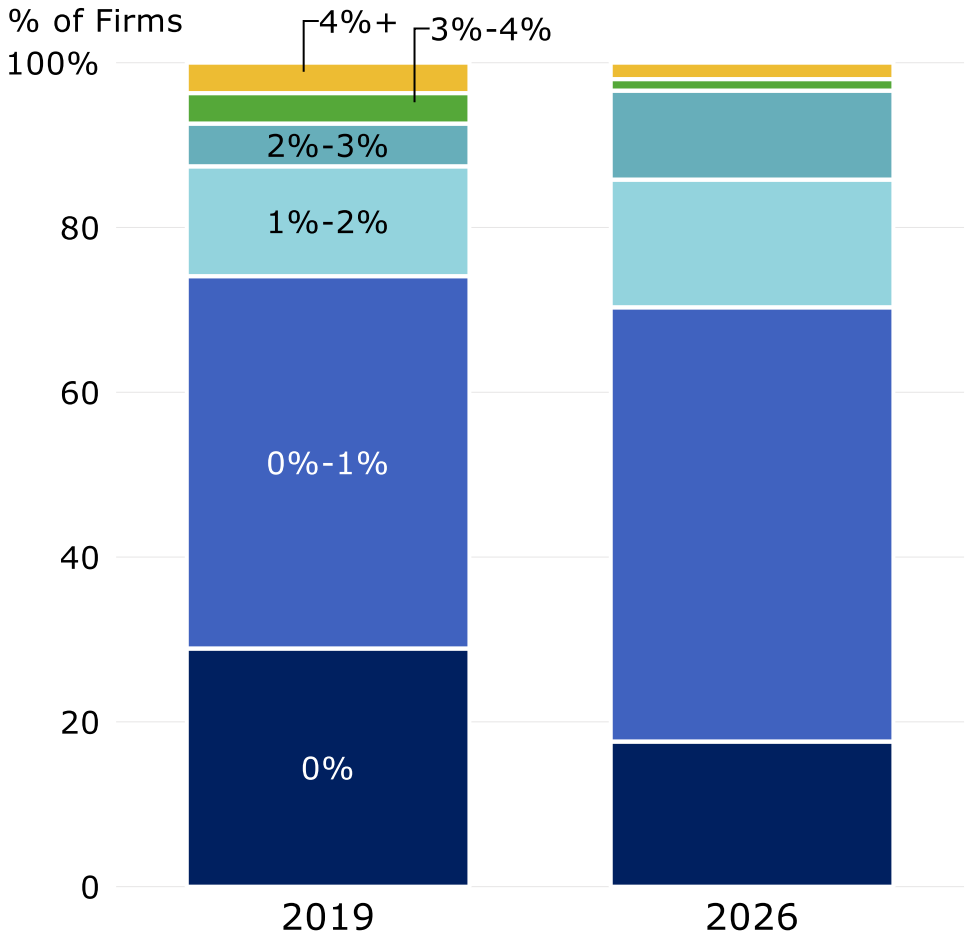
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

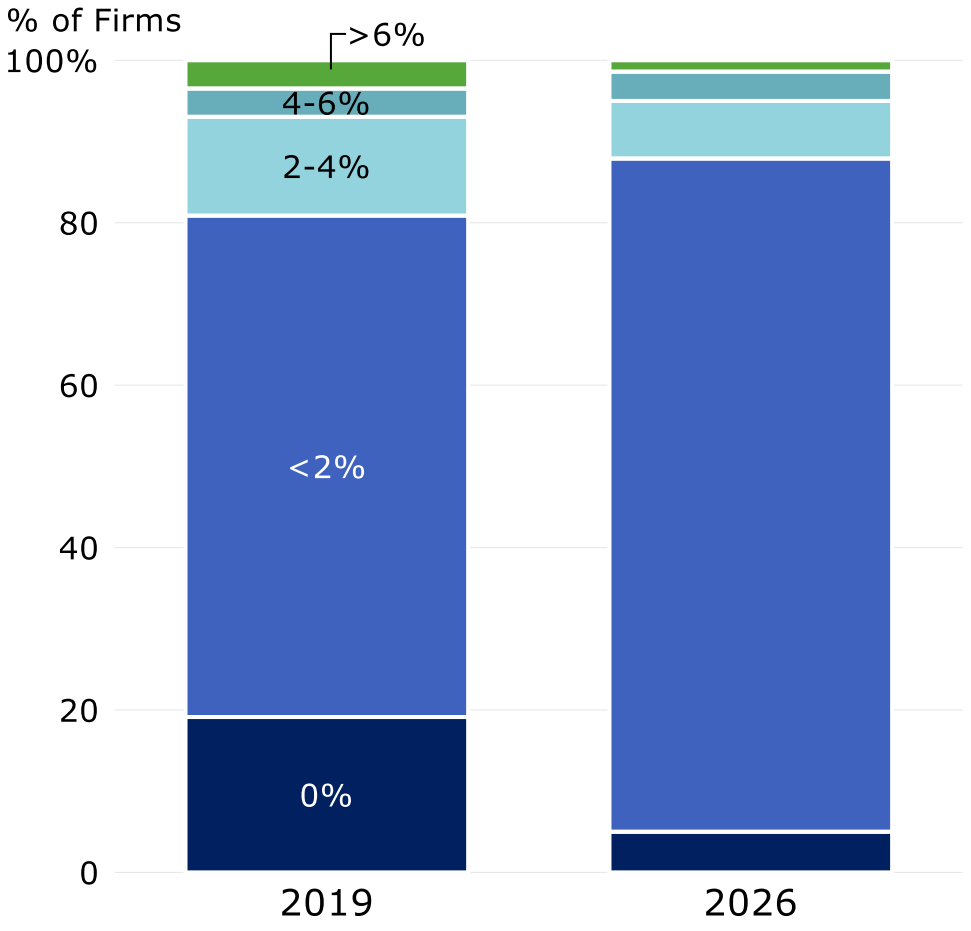
Resources Dedicated to Innovation

Compared with 2019, a larger share of firms now report dedicating at least a small percentage of FTEs and spend to innovation.

Innovation FTEs (% of Total FTEs)



Innovation Spend (% of Net Revenues)

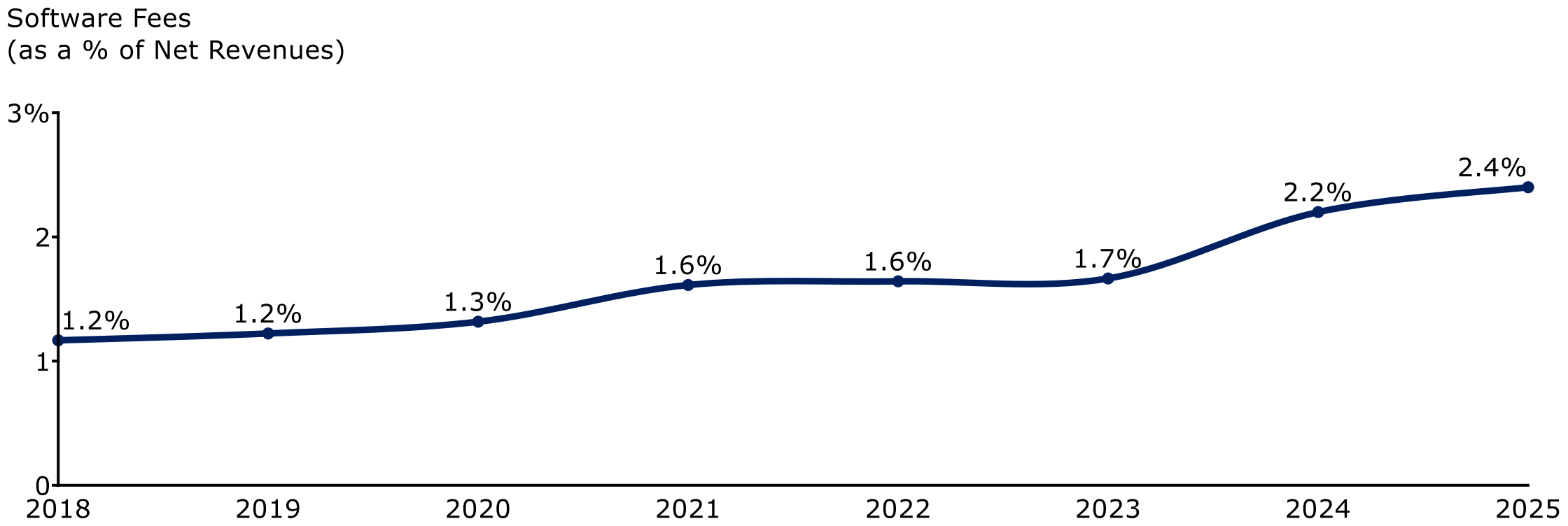


Source: 2019 EFCG CEO Survey; 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Software Fees Have Doubled Since Pre-Pandemic

In the last seven years, the median firm has seen a consistent increase in Software fees, doubling from pre-pandemic levels (1.2% in 2018 vs. 2.4% in 2025).



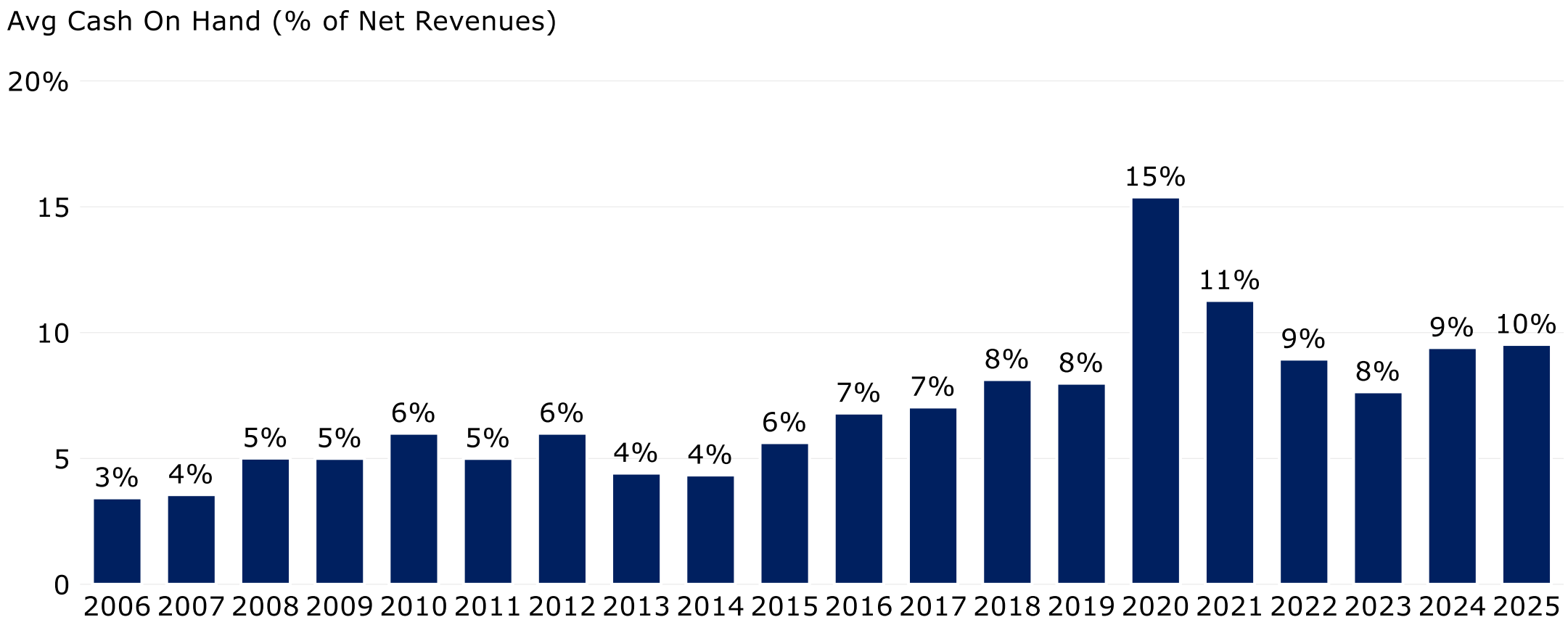
In addition to greater use of software, rising fees may suggest AEC firms are absorbing increased vendor costs rather than passing them on to clients

Source: 2019-2025 EFCG CEO Surveys; 2026 EFCG CFO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Average Cash Position Is Increasing

After drawing down the 2020 PPP surge, firms have rebuilt cash to 10% of net revenue, above any pre-pandemic year. With economic uncertainty a top concern in this year's survey, is this a deliberate cushion?



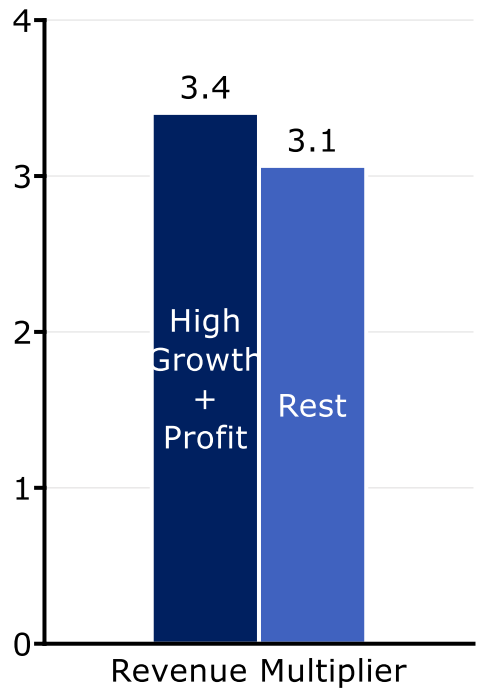
Source: 2007-2026 EFCG CEO Surveys

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

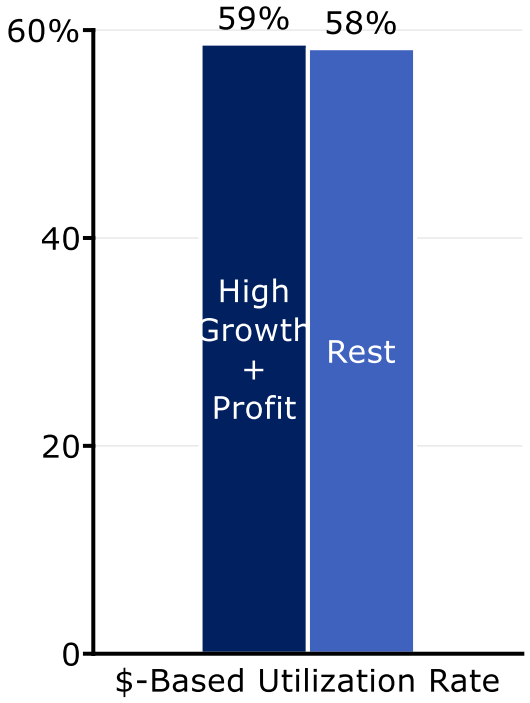
What Separates High Performers Is Pricing and Retention

High performers run at the same utilization as everyone else. Their edge comes from capturing more of the fee they earn and retaining the people who earn it.

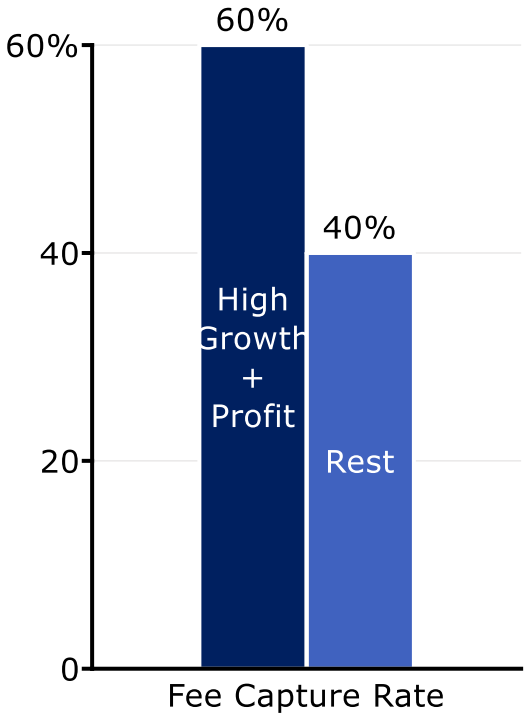
Revenue Multiplier



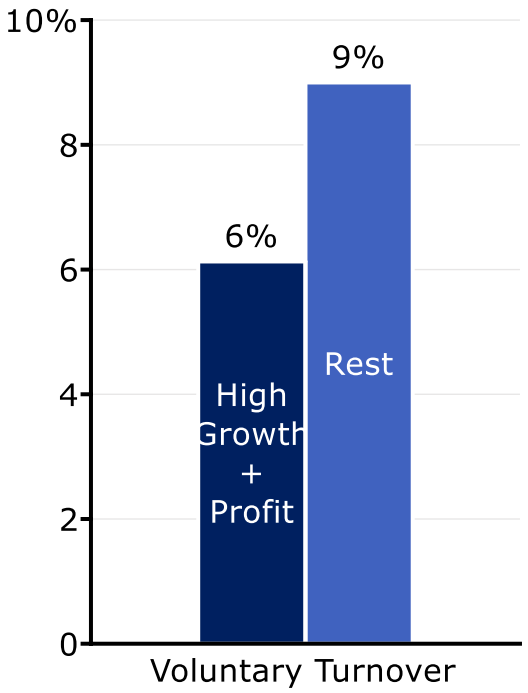
Utilization



Fee Capture Rate



Voluntary Turnover



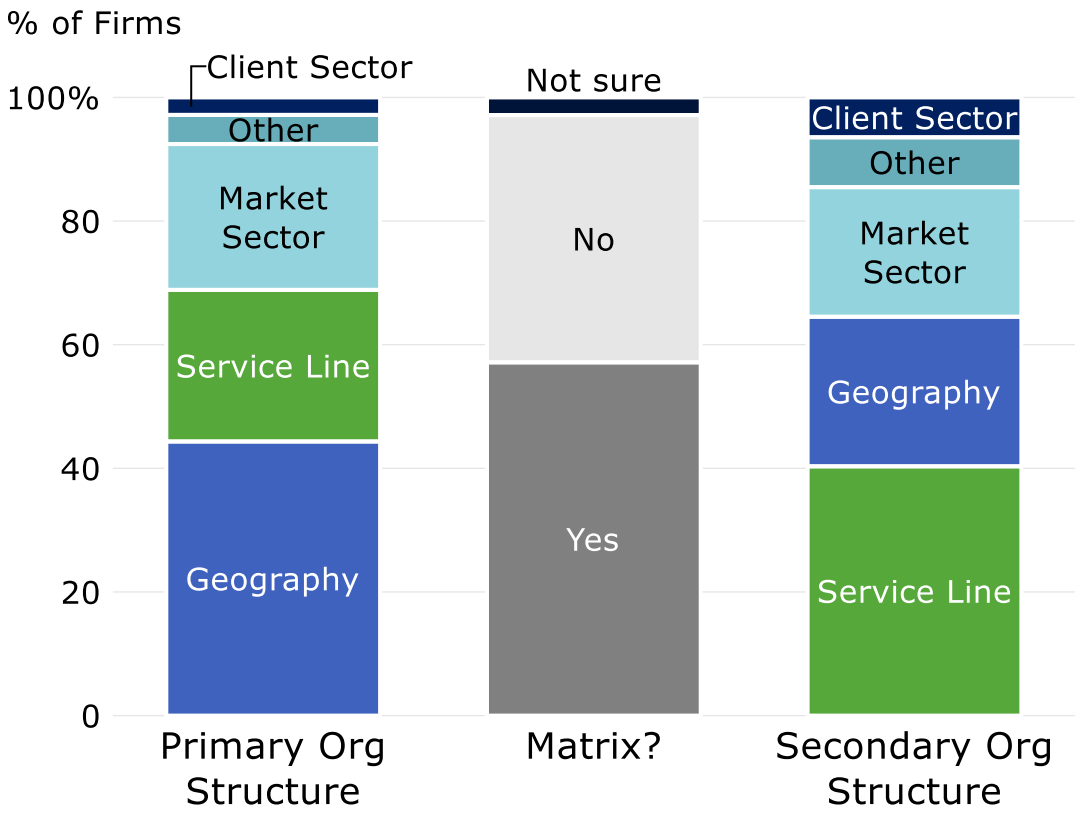
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

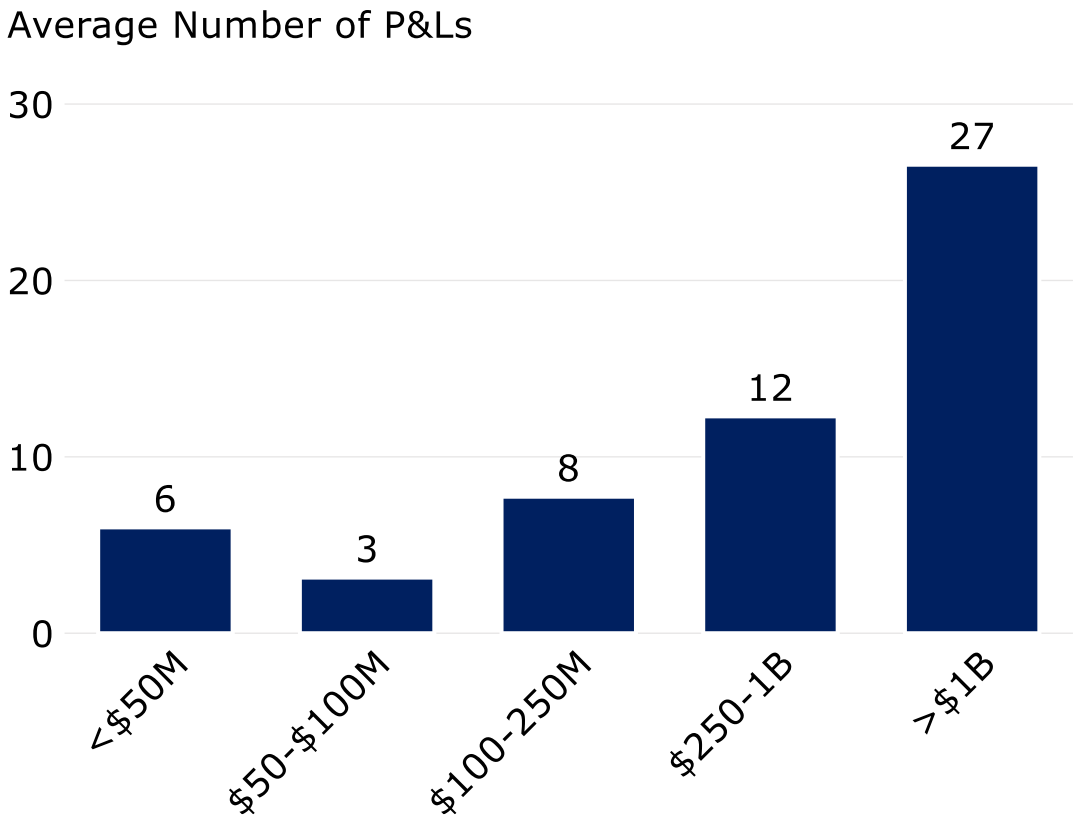
Organizational Design in the AEC Industry

~60% of firms operate with a matrix structure, typically to provide accountability & connectivity across a secondary dimension. Larger firms tend to have more P&Ls than smaller firms, but there is significant variation within size buckets.

Primary and Secondary Org Structures



Number of P&Ls



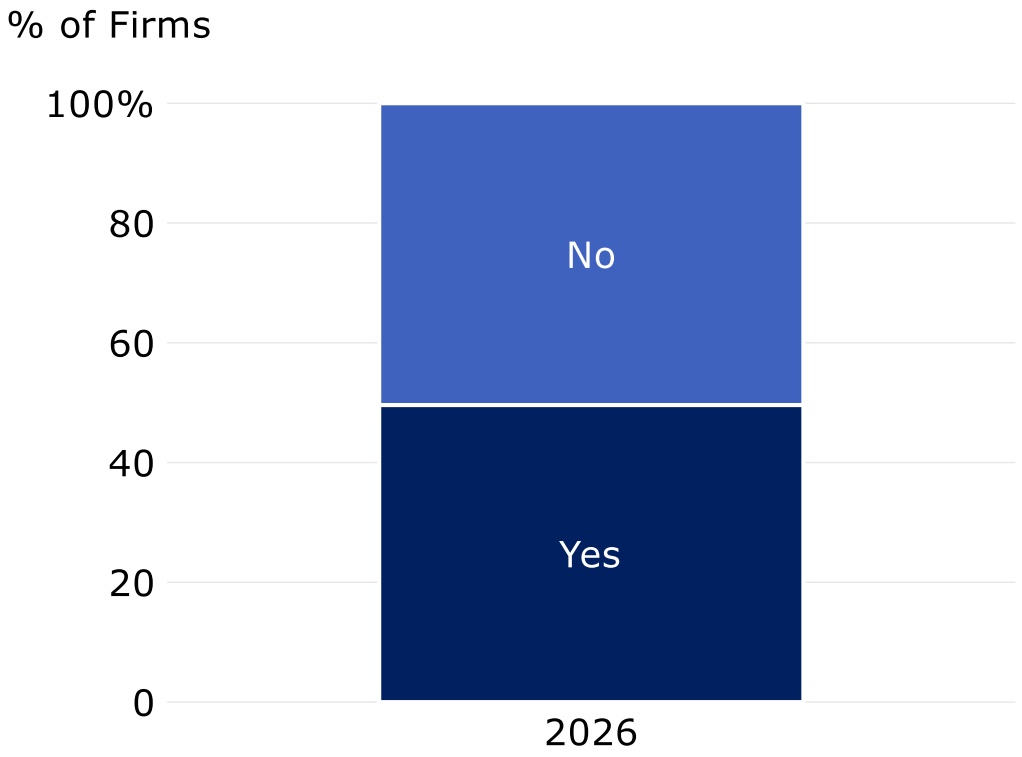
Source: 2026 EFCG CFO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

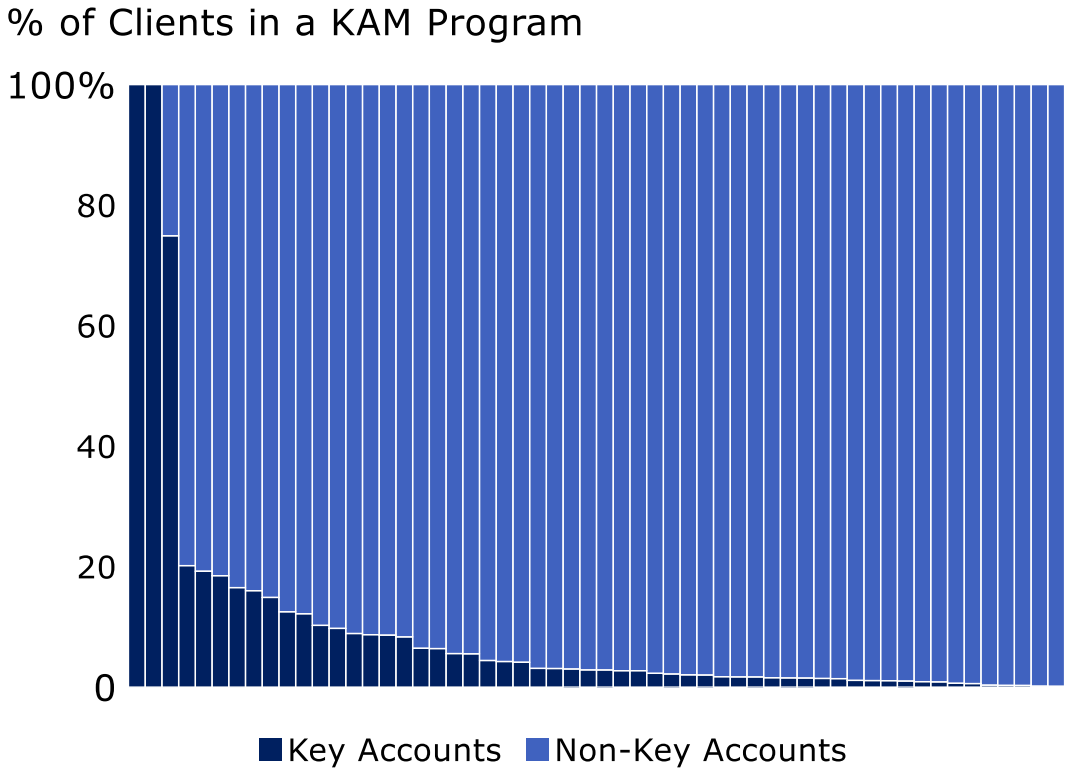
Formalizing Account Management

As repeat and sole-sourced work drives growth, about half of firms have formalized account management. Those that have key account programs are highly selective, with <5% of clients included as a median.

Have a Key Account Management Program?



Distribution of Clients in KAM Programs



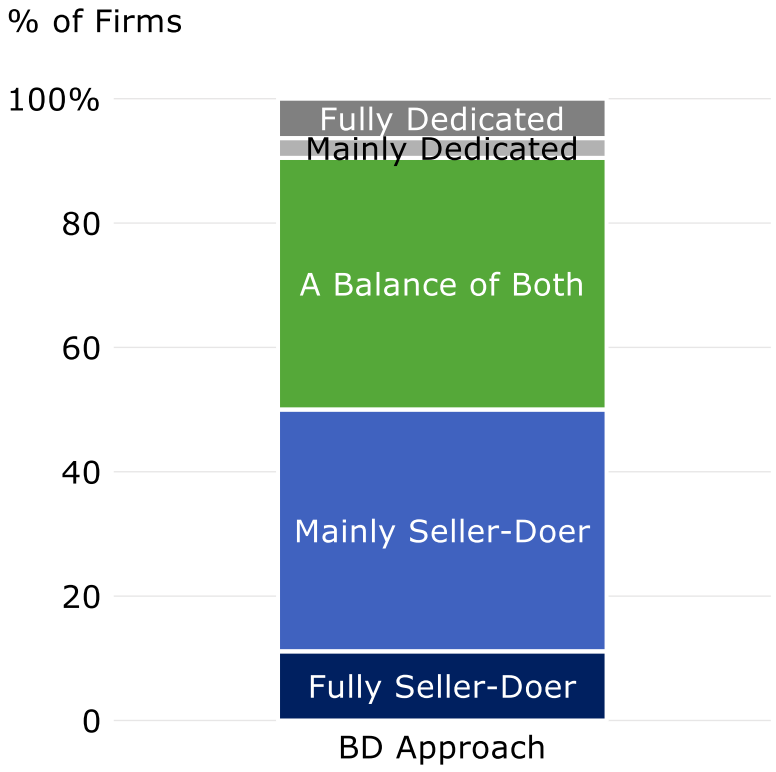
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

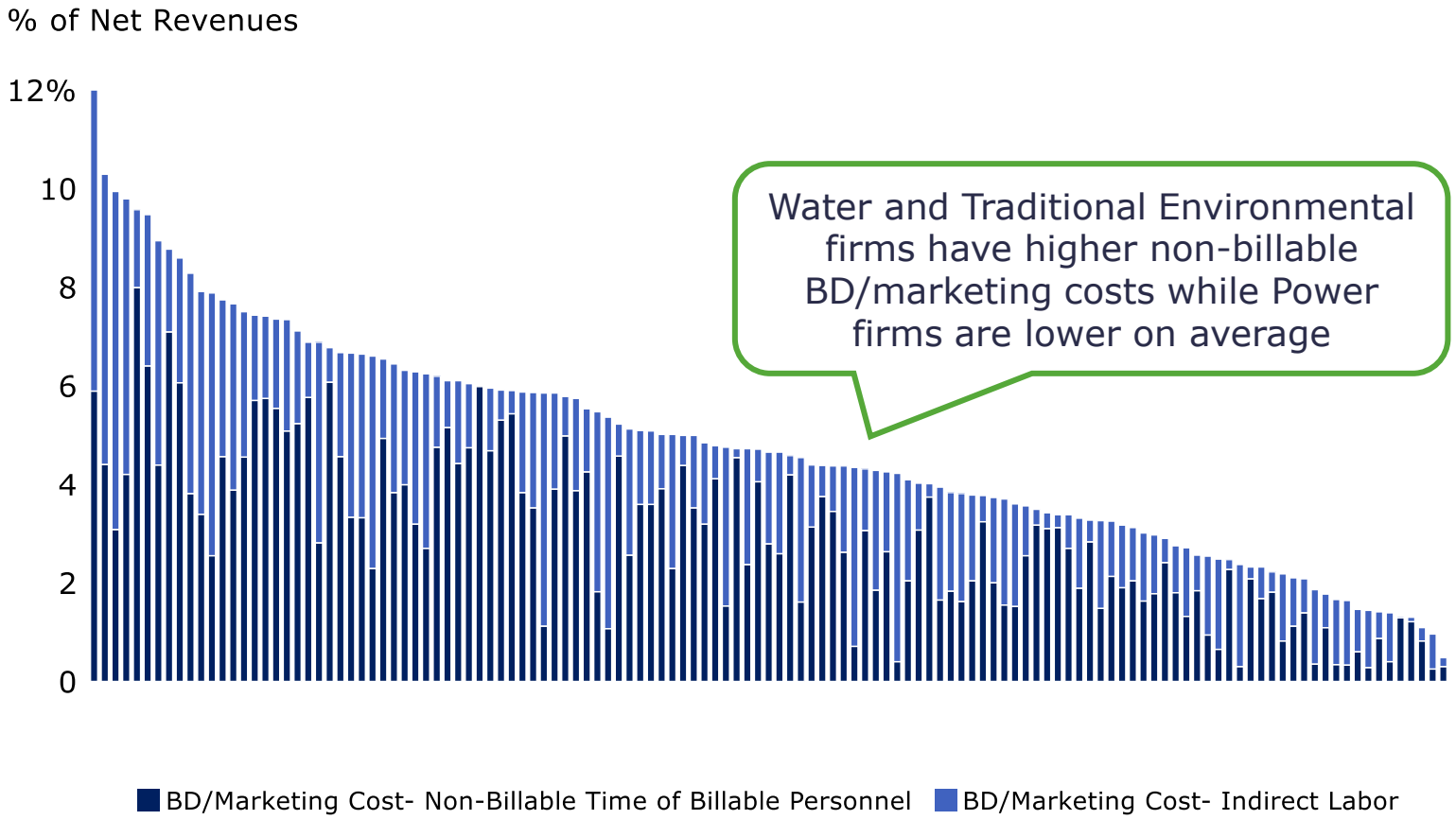
Seller-Doers Are Integral to Business Development

With half of firms using a seller-doer model, most BD spend lands on billable staff. The median firm spends ~5% of net revenue on BD/Marketing, and ~60% of that is non-billable time of billable staff.

Firm's BD Approach



Allocation of Firms' BD/Marketing Spend

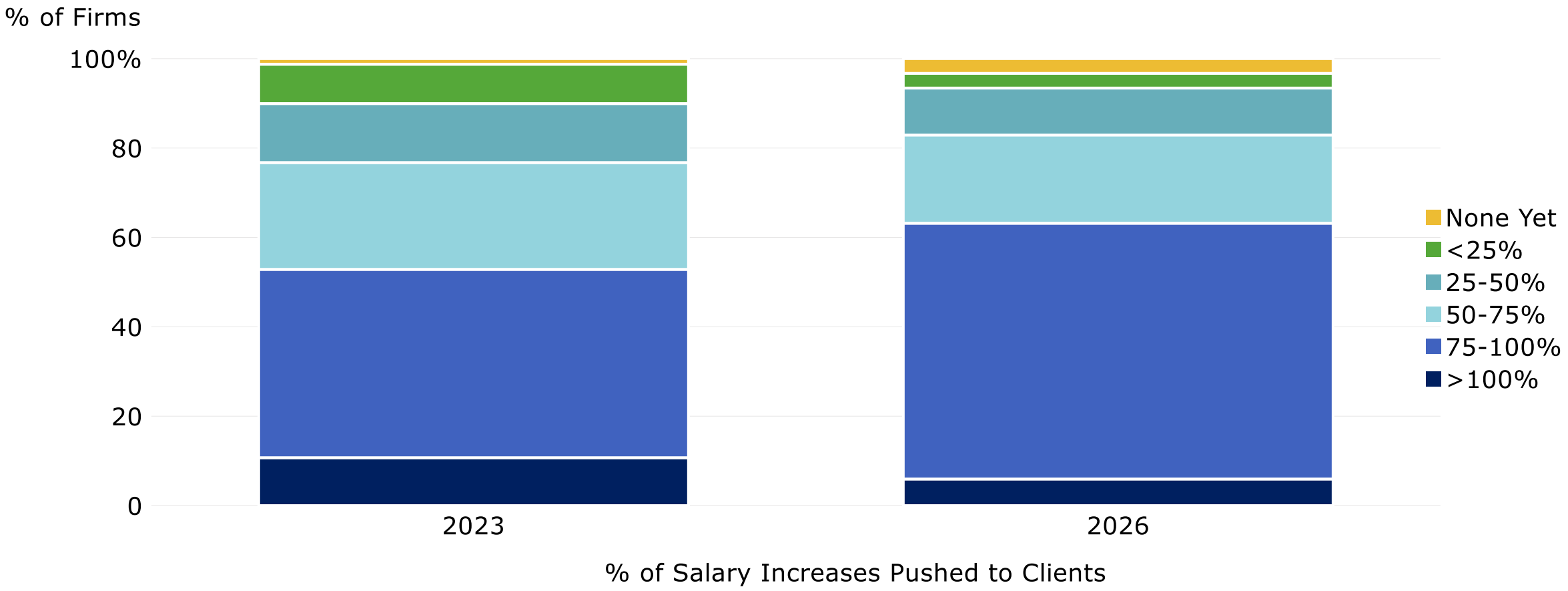


Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Salary Increase Pass-Through Continues to Improve

Firms' ability to pass salary increases through to clients has improved, with 80% recovering more than half of those increases in 2026. Is this a reflection of greater success in negotiations or moderated salary increases?



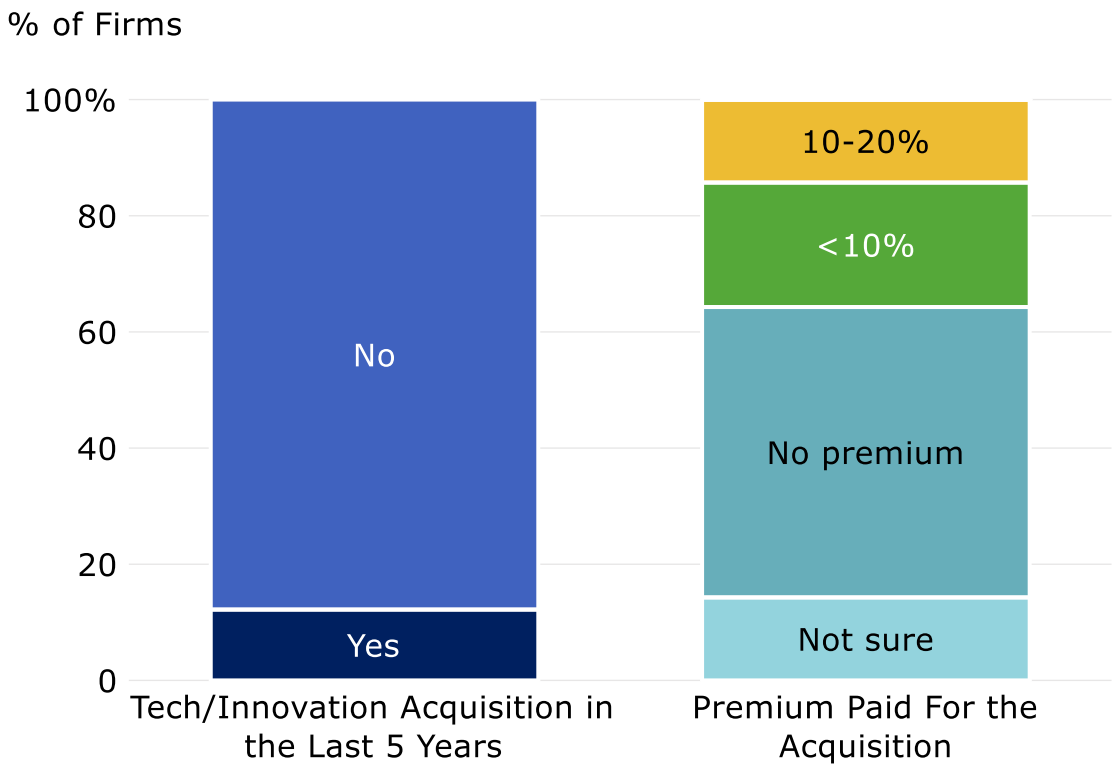
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

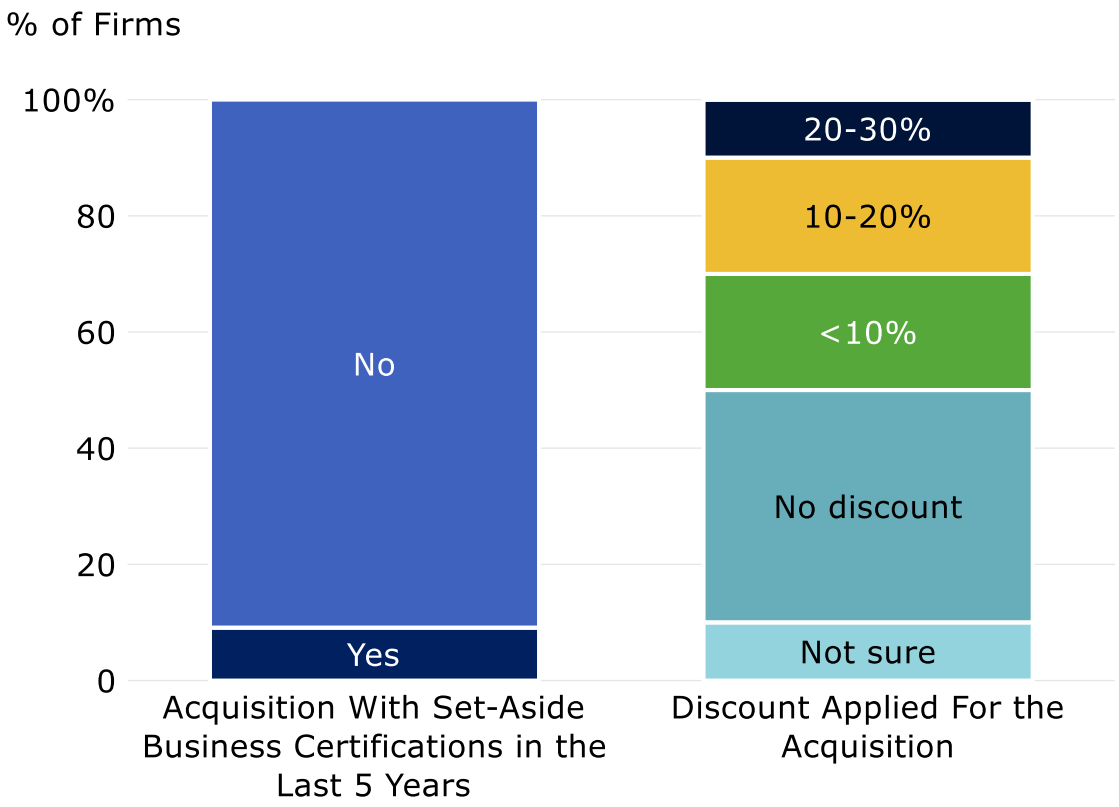
Pricing Niche Capabilities

Only ~10% of firms have bought a technology capability in the last five years, and most firms did not report paying a premium for a tech acquisition. If technology is the differentiator, why is the market not pricing it?

Acquisitions With Technology Capabilities (Last 5 Years)



Acquisitions With Set-Aside Business Certifications (Last 5 Years)



Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

CEO Compensation

EFCG

CEO pay scales sharply with size, but the growth comes from variable pay. Salary is roughly 70% of total compensation at firms under $50M and only a quarter at firms over $1B.

Company Size	Salary	Cash Bonus	LTC	Other Bonuses	Total
<$50M	$280K	$95K	-	$20K	$405K
$50M-$100M	$305K	$135K	$40K	$15K	$500K
$100M-$250M	$375K	$400K	$275K	$25K	$890K
$250M-$500M	$415K	$440K	$250K	$25K	$910K
$500M-$1B	$540K	$610K	$275K	$15K	$1290K
>$1B	$750K	$1120K	$1000K	$166K	$2930K

Note: Total is median of the total compensation; median of total will not fully align to the sum of the median individual components

Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

EFCG

2026 EFCG Data Pack

Table of Contents

01 Growth

02 Profit

03 Multiplier x Utilization

04 Turnover

05 Working Capital

06 Debt

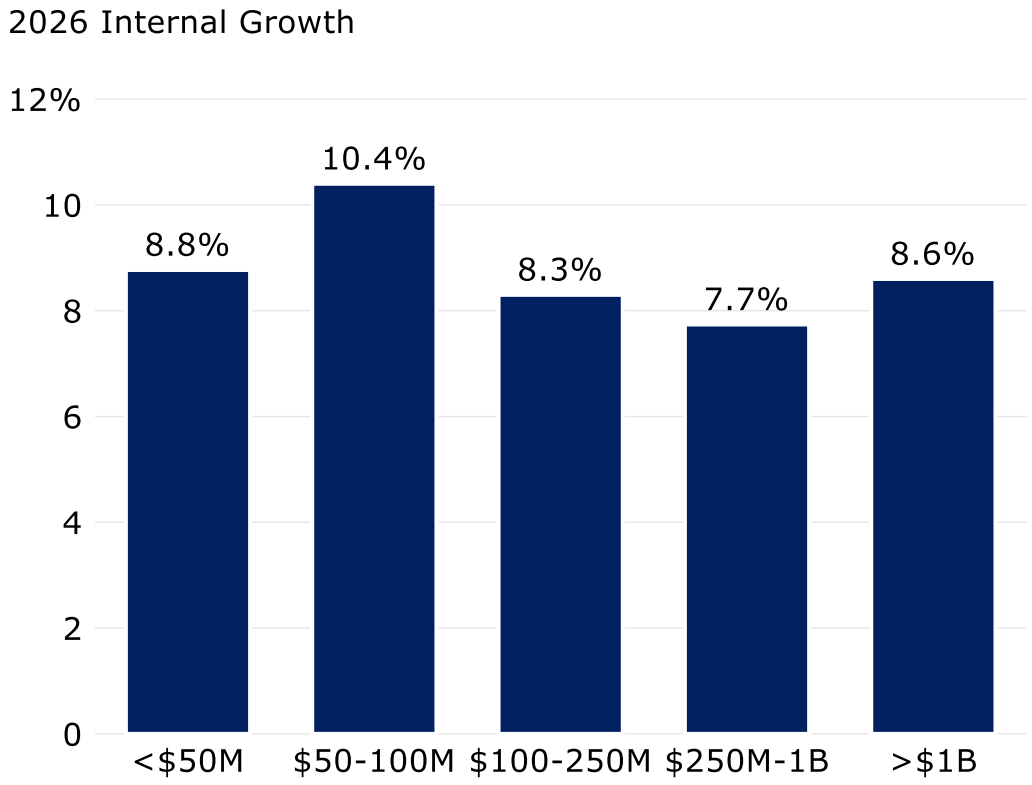
07 Innovation Spend

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

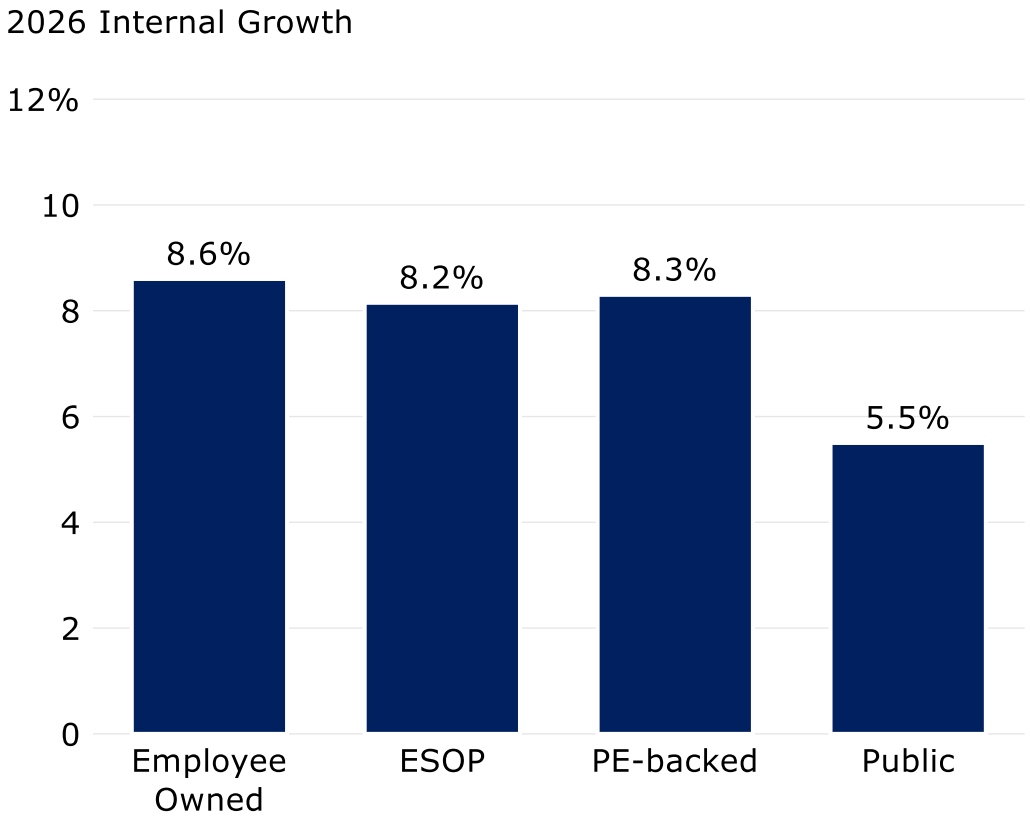
Internal Growth (Part I)

Smaller firms (<$100M in Revenues) and Employee-Owned firms report higher internal growth rates for 2026

Firm Size



Firm Structure



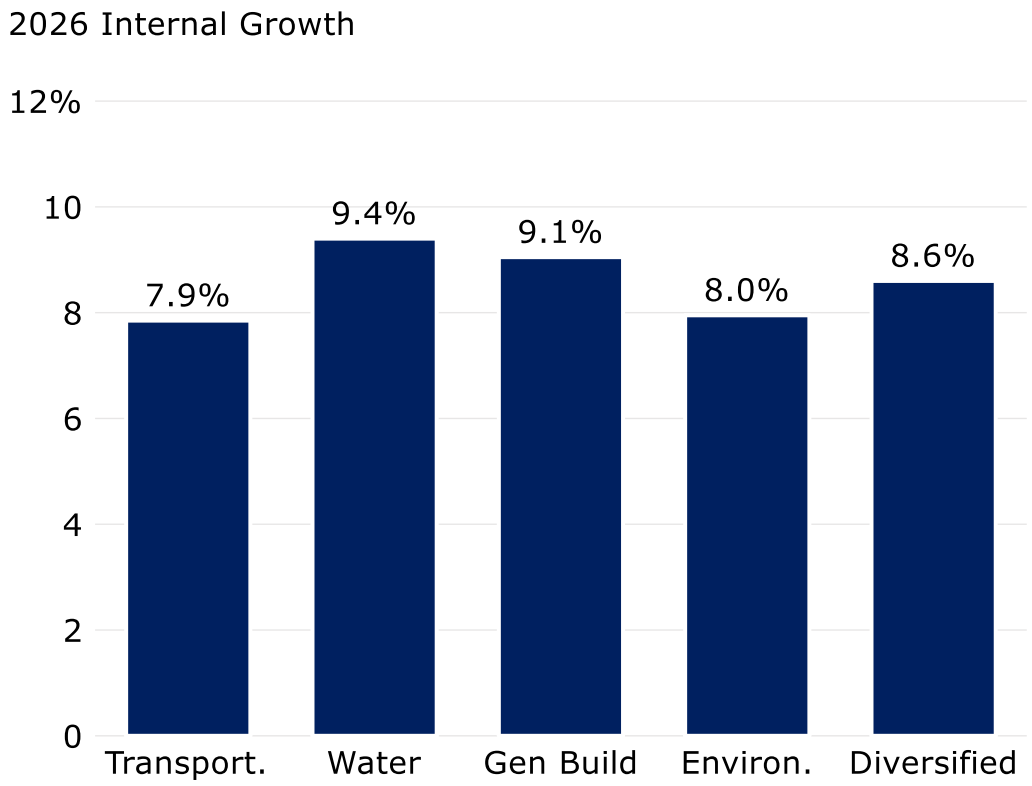
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

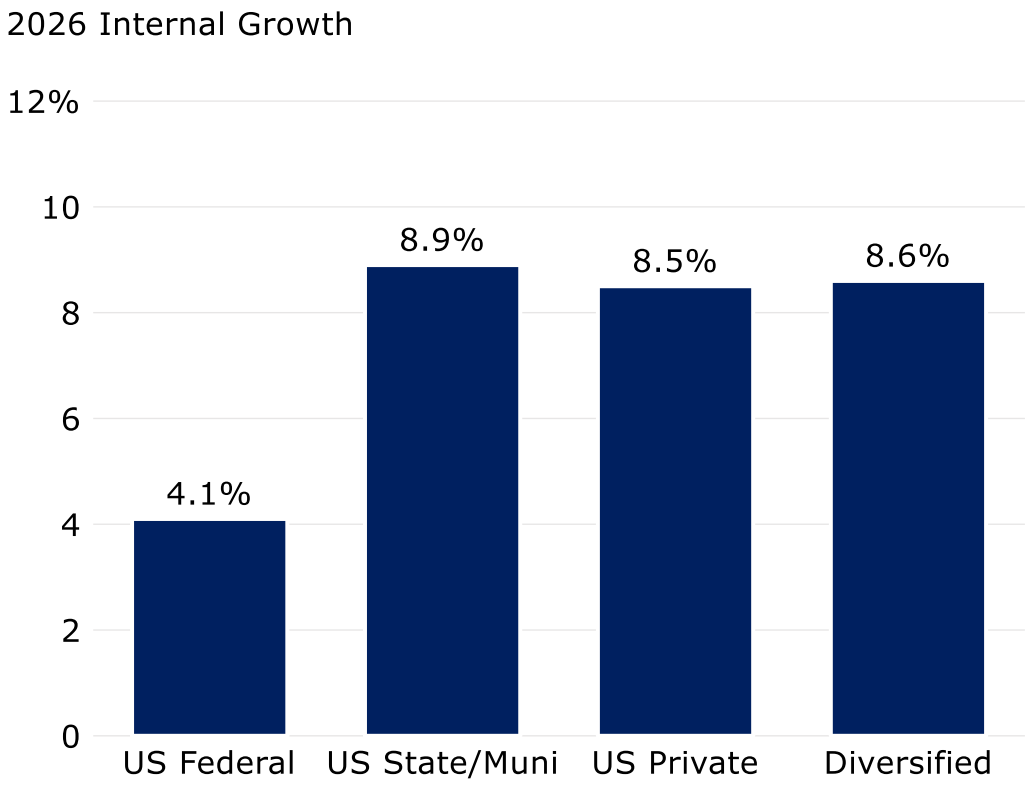
Internal Growth (Part II)

Water firms and firms focused on US State/Muni report higher internal growth rates for 2026; firms focused on US Federal clients report the lowest growth rates

End Market



Client Type



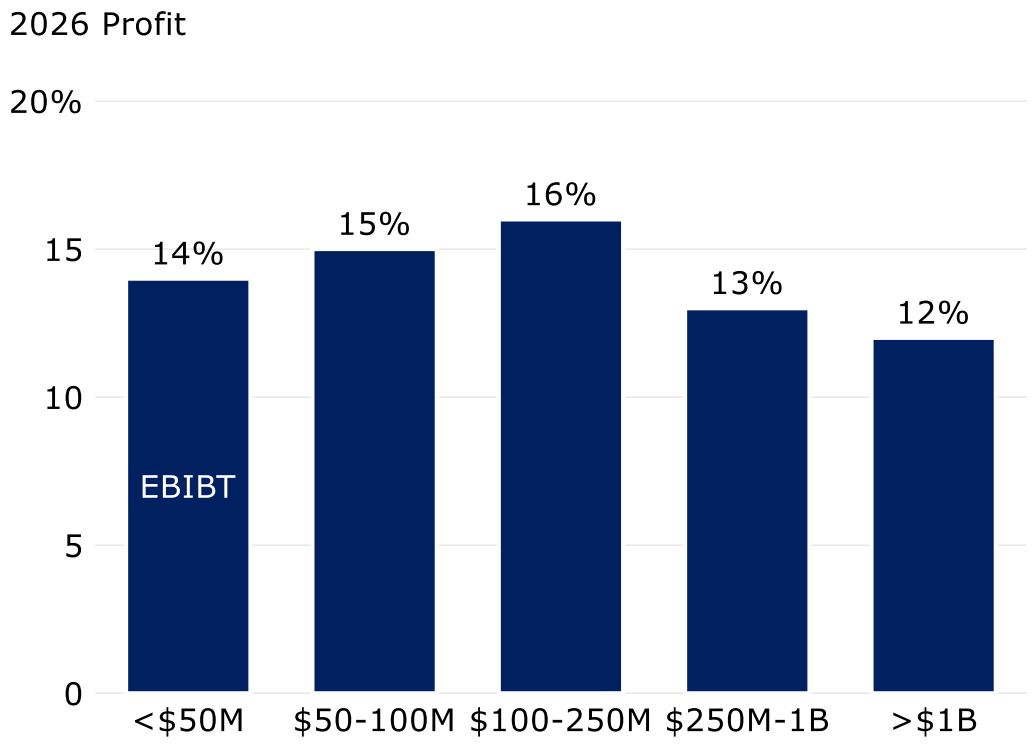
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Profit (Part I)

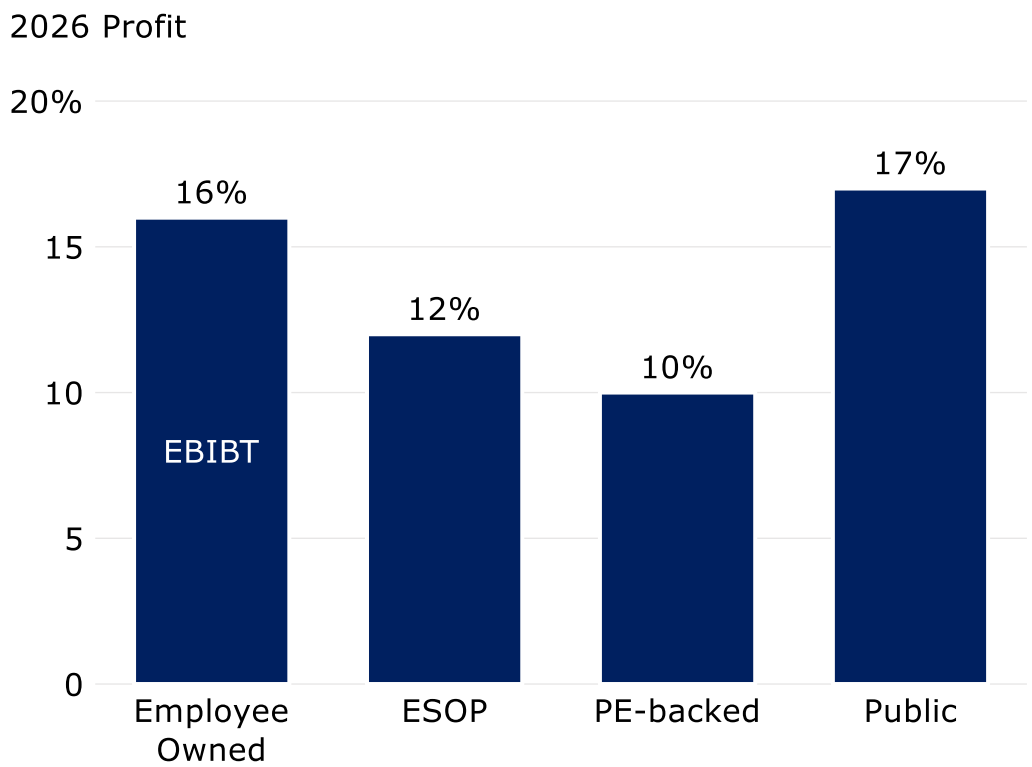
Mid-sized firms ($100-$250M) report higher 2026 EBIBT, as do Employee-Owned and Public firms; PE-backed firms report highest EBITDA but lowest EBIBT

Firm Size



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

Firm Structure



	Employee Owned	ESOP	PE-backed	Public
EBITDA	10%	9%	15%	14%

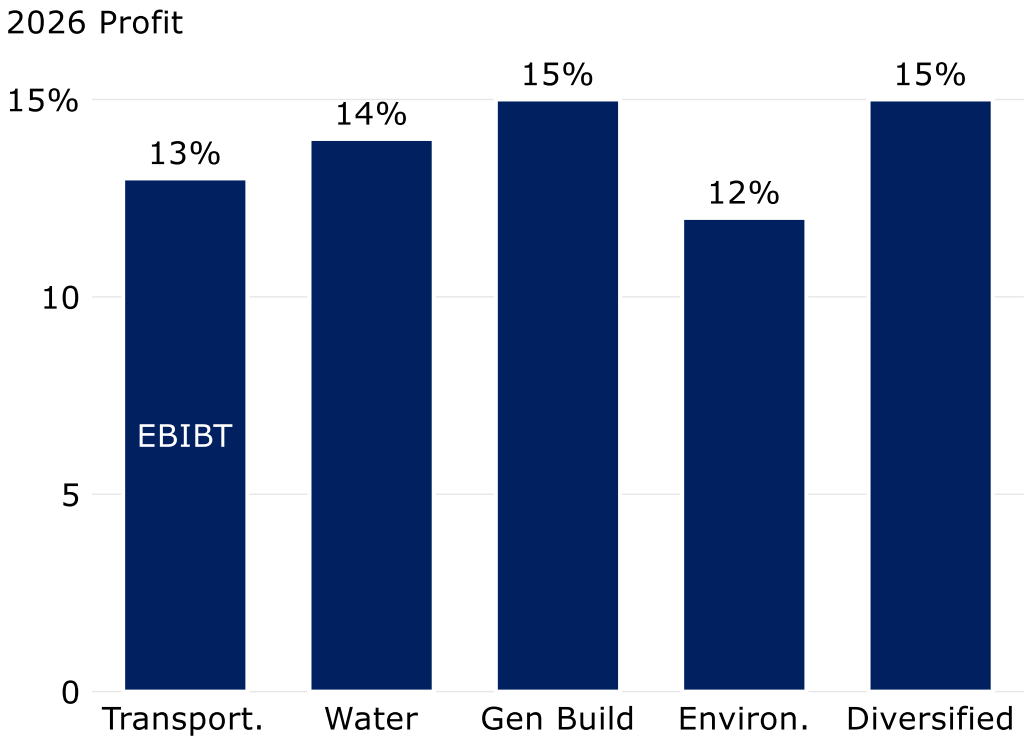
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

Profit (Part II)

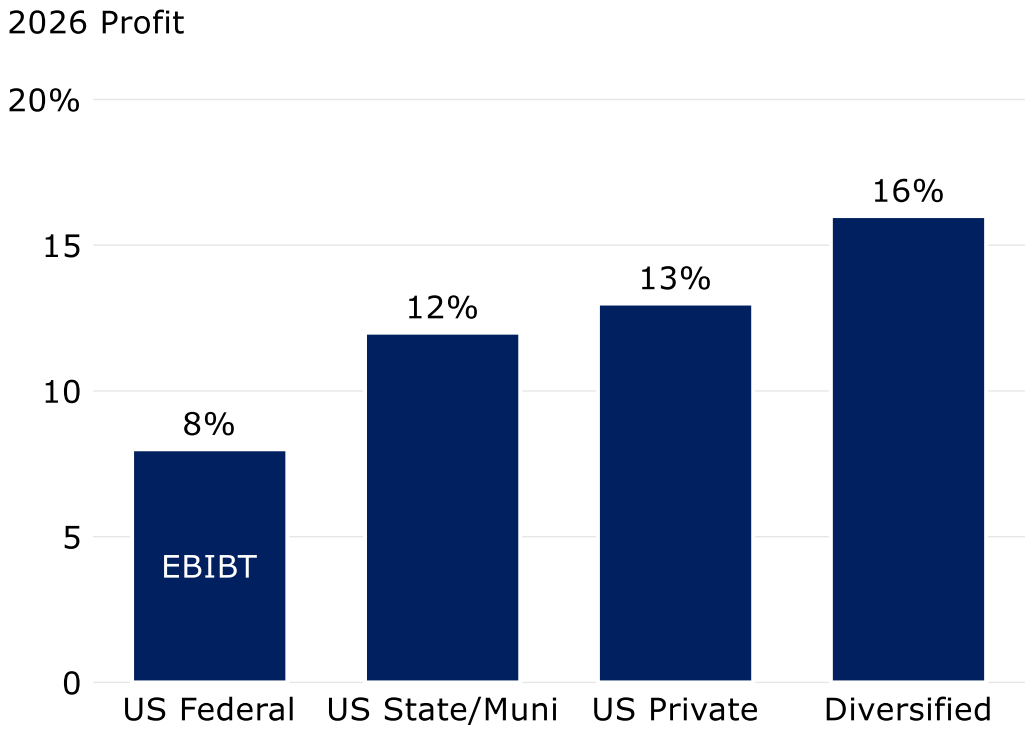
Gen. Build and firms with diversified end markets and client types report higher EBIBT in 2026

End Market



	Transport.	Water	Gen Build	Environ.	Diversified
EBITDA	12%	9%	11%	10%	13%

Client Type



	US Federal	US State/Muni	US Private	Diversified
EBITDA	9%	10%	10%	14%

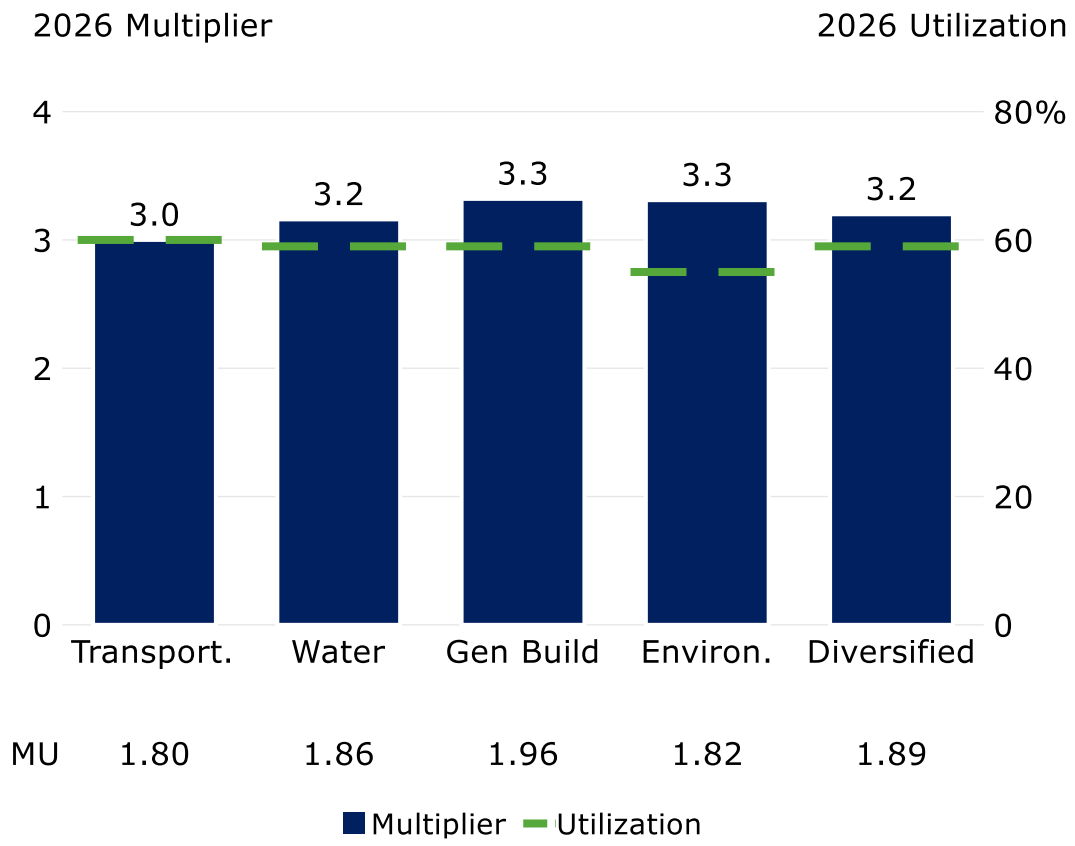
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

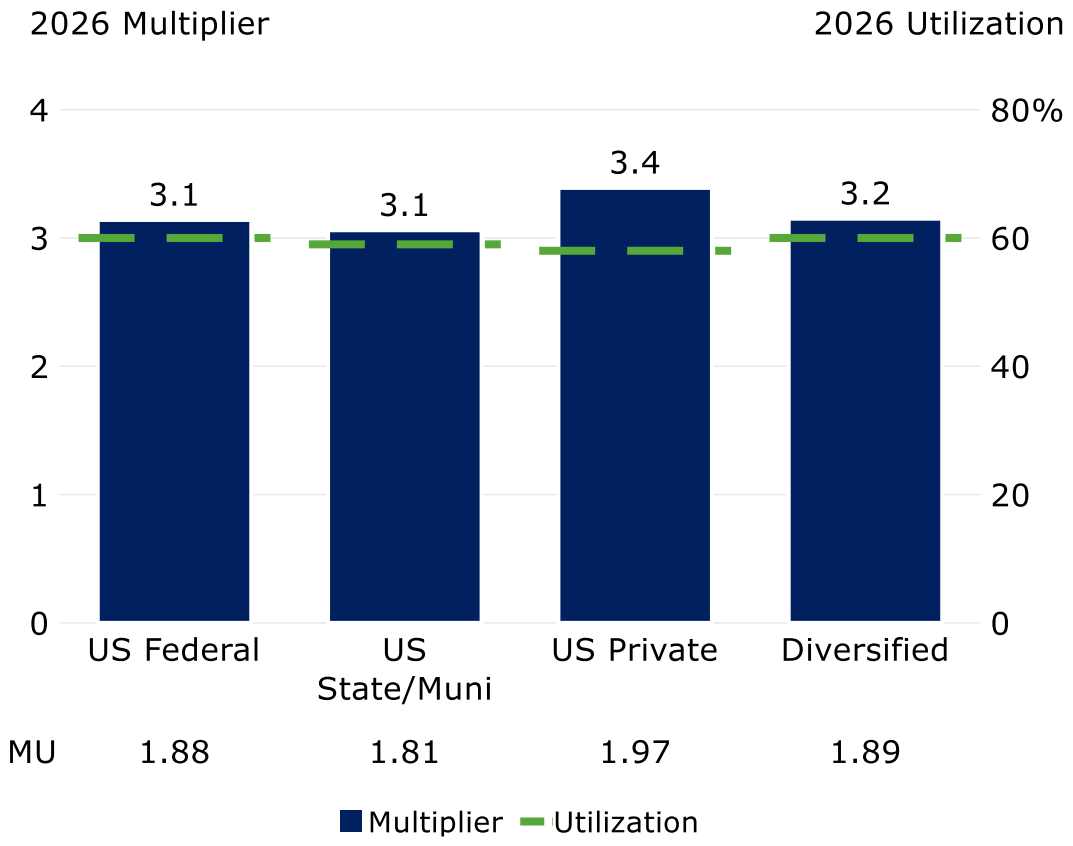
Multiplier x Utilization

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

End Market



Clients



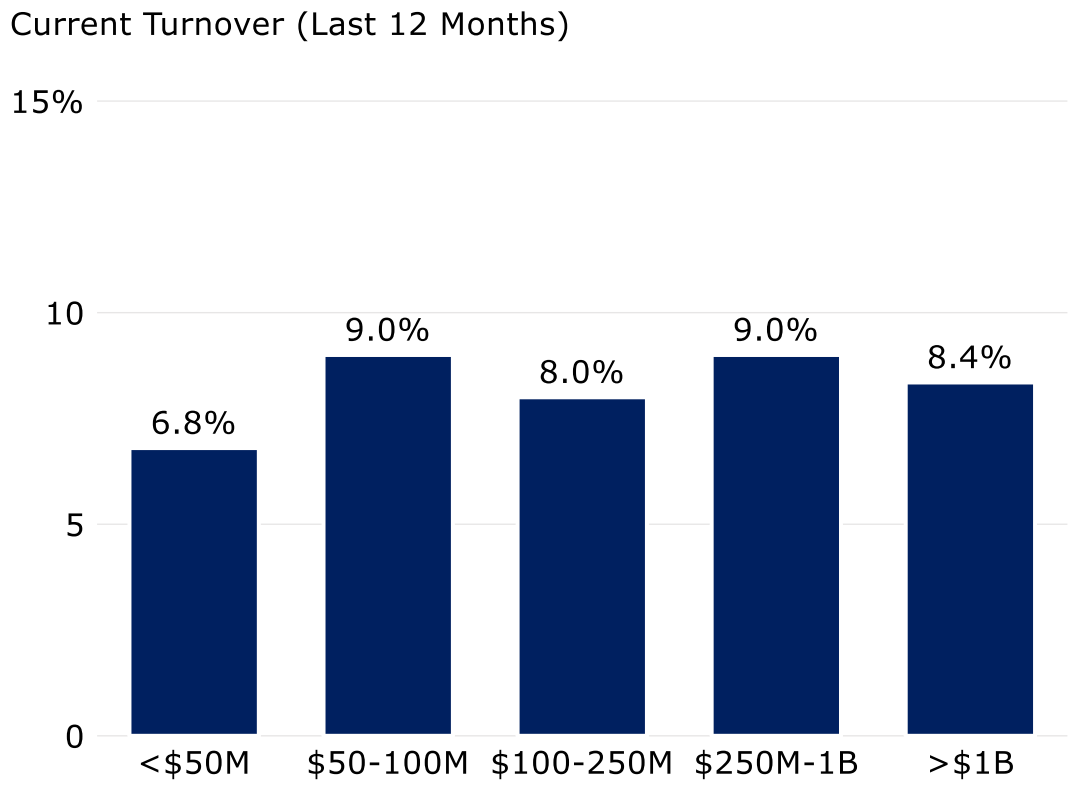
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

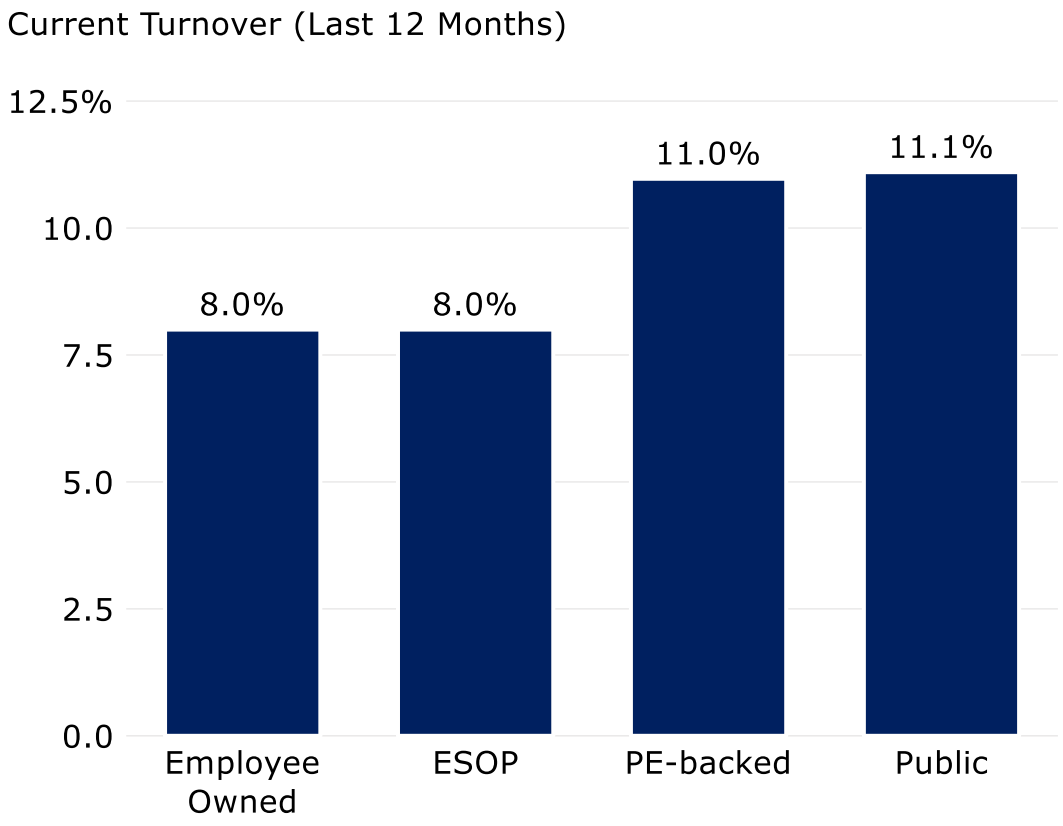
Voluntary Turnover (Part I)

Voluntary Turnover is lowest for firms <$50M in the last 12 months; PE-backed and Public firms report the highest Voluntary Turnover

Firm Size



Firm Structure



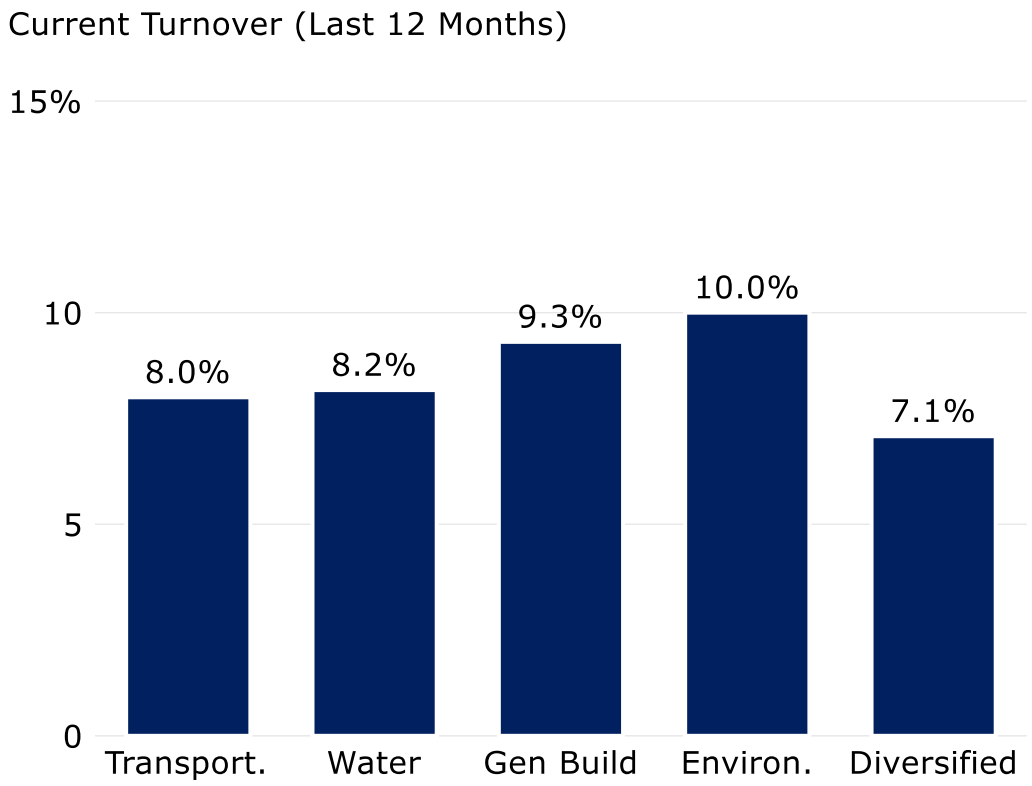
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

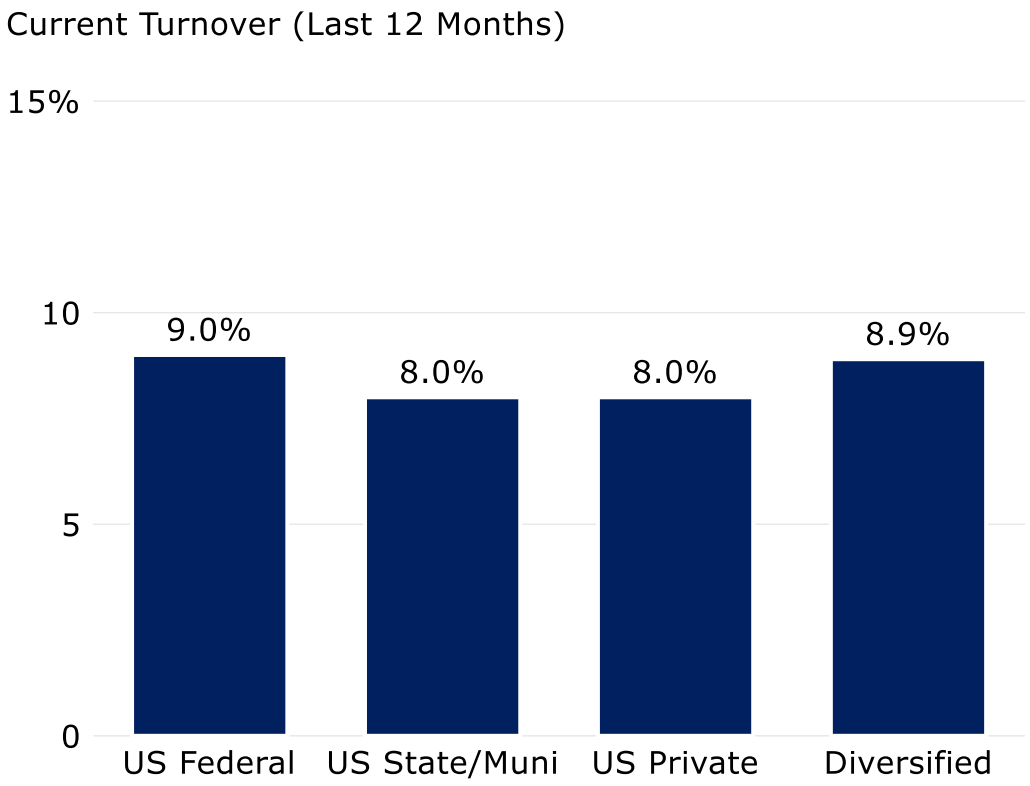
Voluntary Turnover (Part II)

Firms focused on Diversified end markets and US Private and State/Muni clients report the lowest Voluntary Turnover

End Market



Client Type



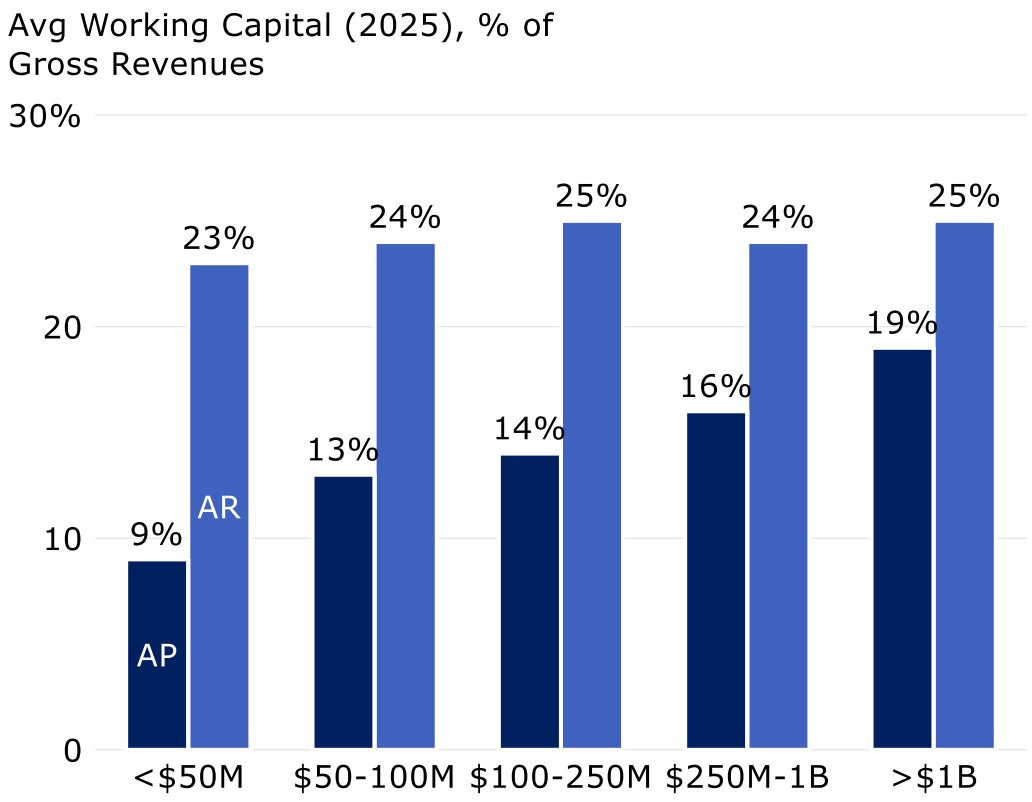
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

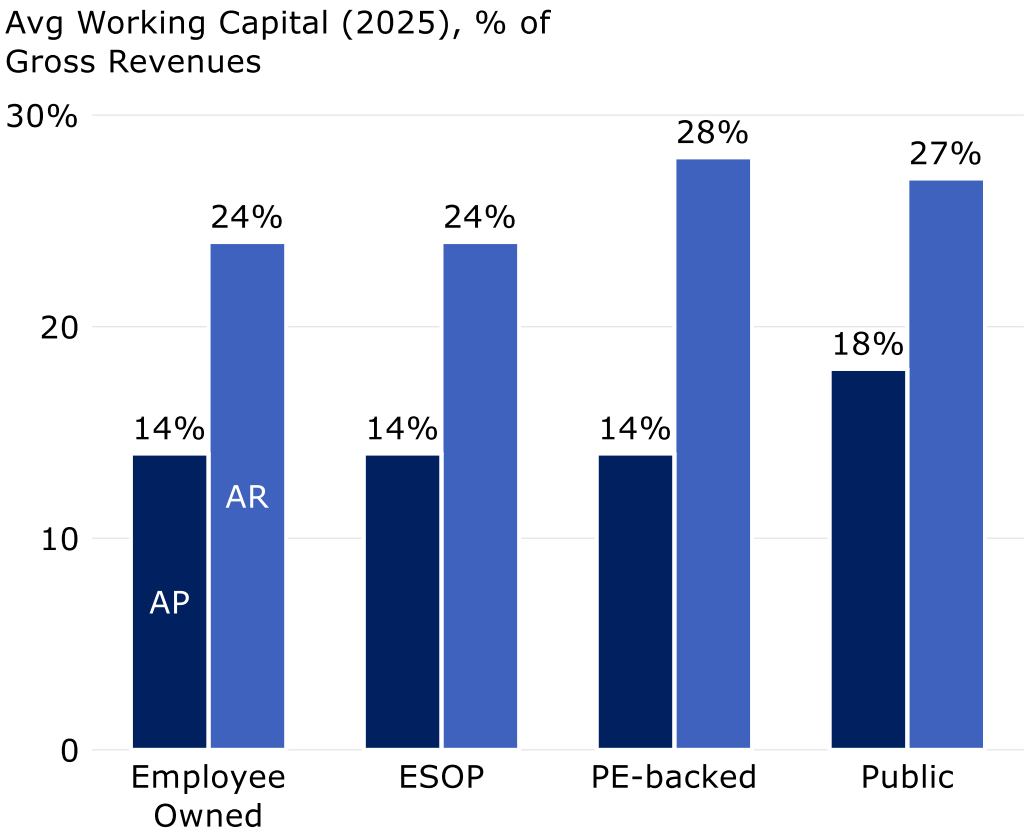
Working Capital (Part I)

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

Firm Size



Firm Structure



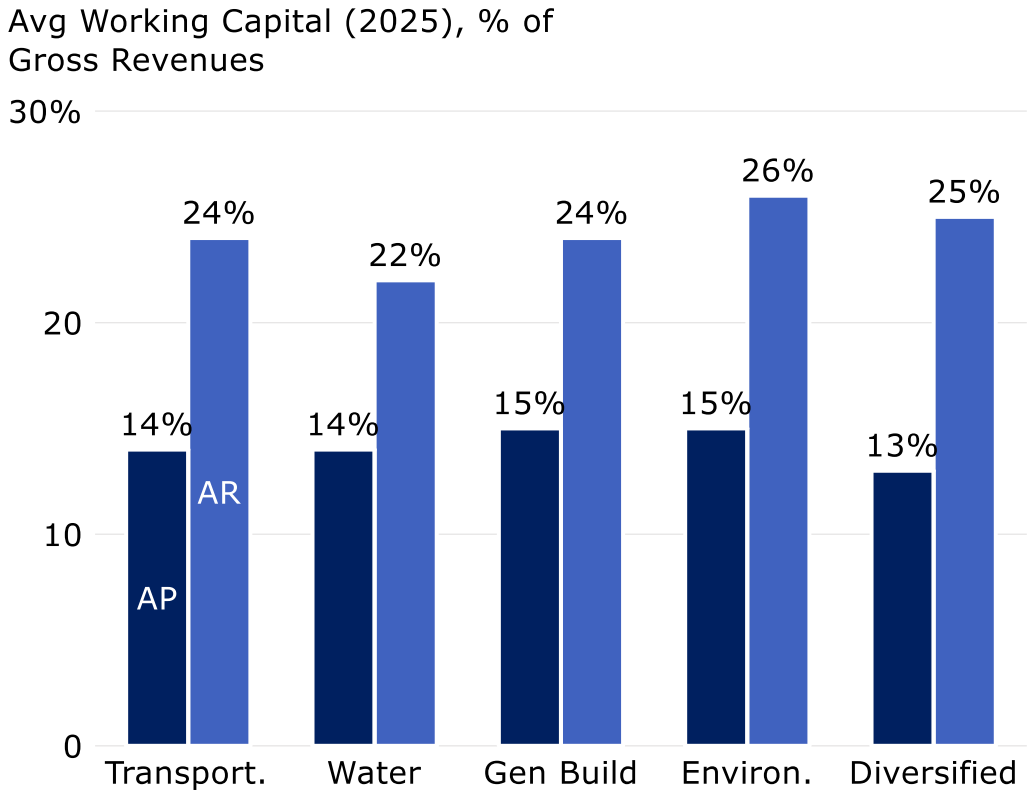
Source: 2026 EFCG CEO Survey
Note: AR includes WIP

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

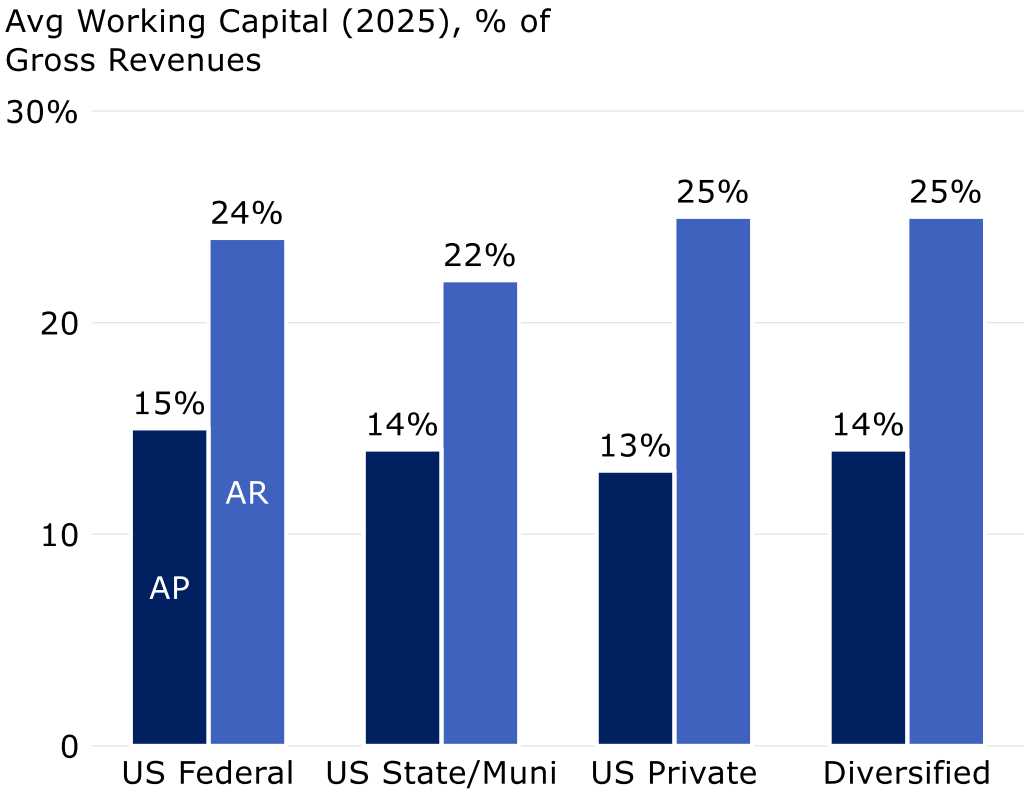
Working Capital (Part II)

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

End Market



Client Type



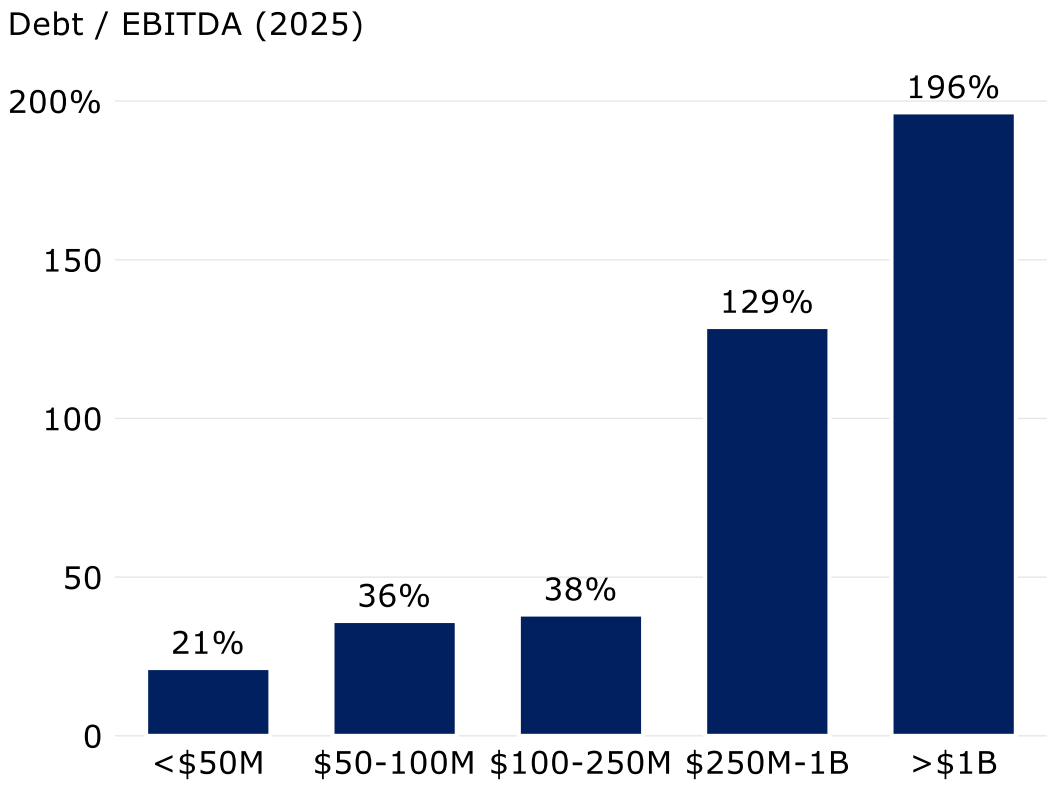
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

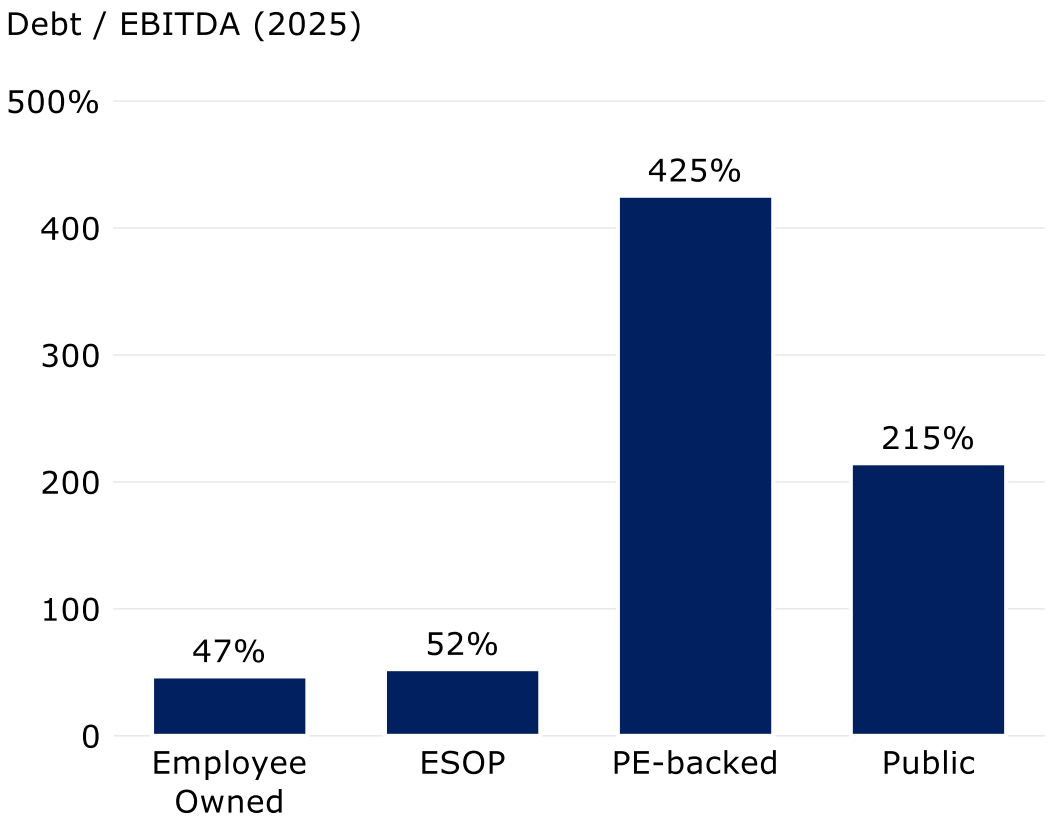
Debt / EBITDA

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

Firm Size



Firm Structure



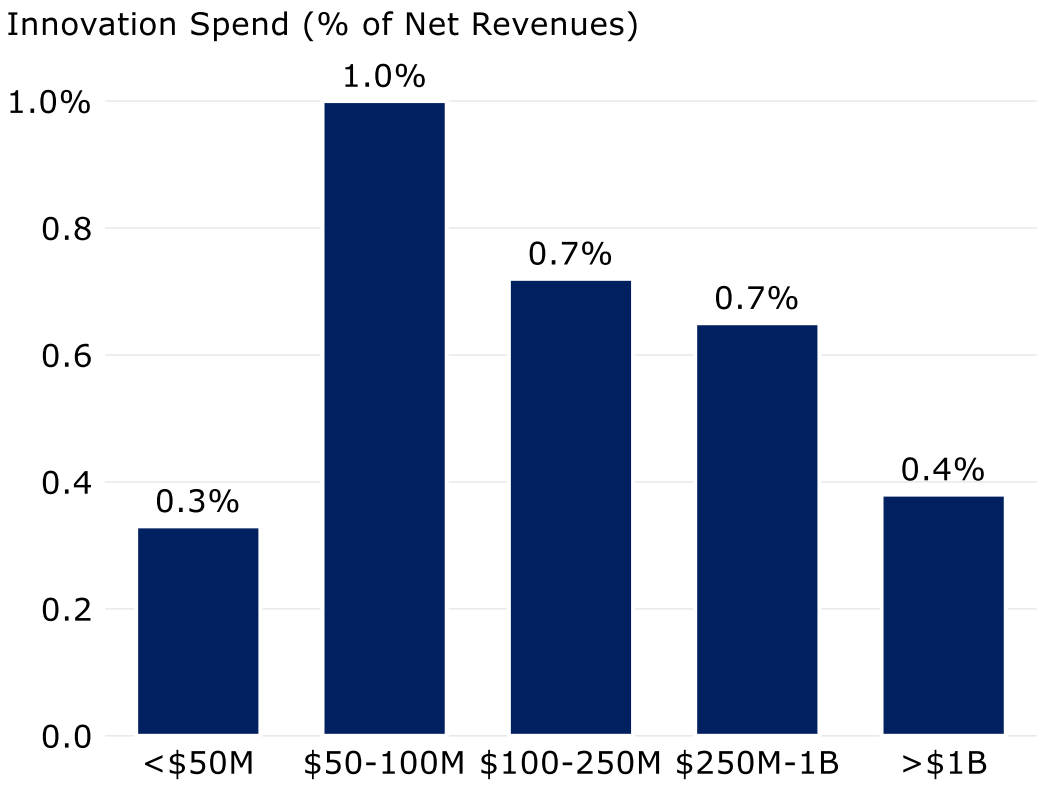
Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.

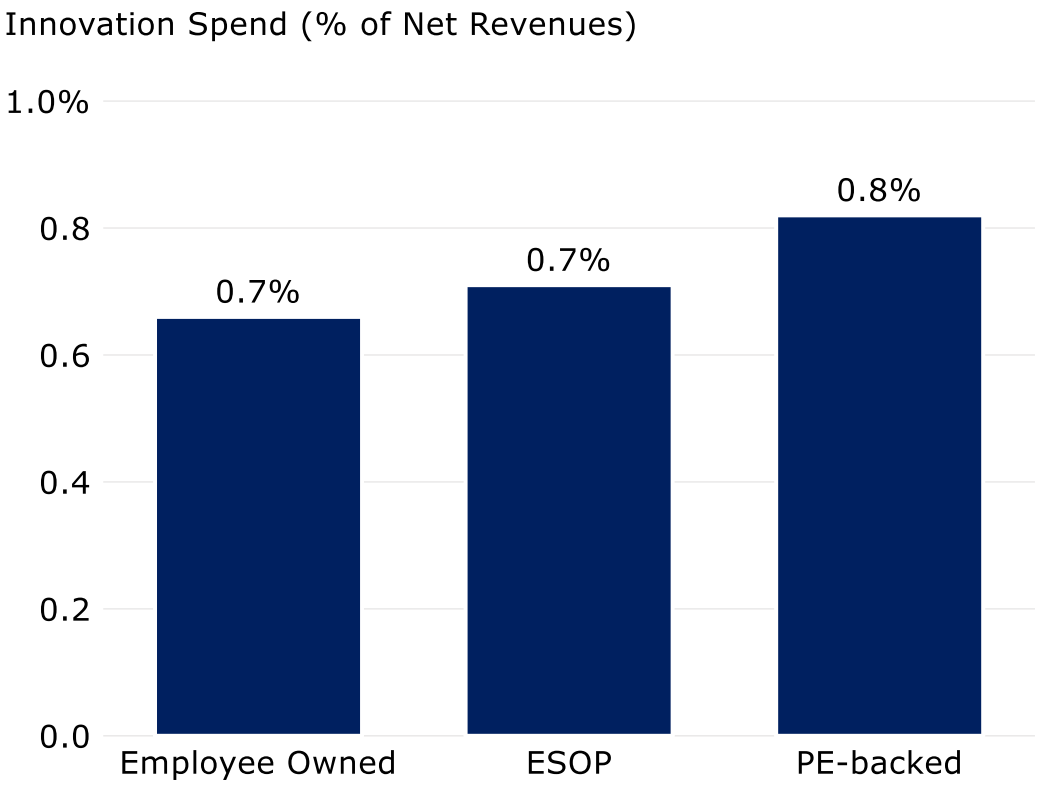
Innovation Spend

The smallest firms (<$50M) spend the least as a percentage of Net Revenues on Innovation; mid-sized firms ($50-100M) and PE-backed firms spend the most on Innovation

Firm Size



Firm Structure



Source: 2026 EFCG CEO Survey

© The Environmental Financial Consulting Group, LLC – All Rights Reserved – Confidential.
For 2026 EFCG CEO Conference use only. Not for further distribution, display or reproduction.