EFCG

2024 CEO Conference

2024 AEC Industry Overview

SAMPLE

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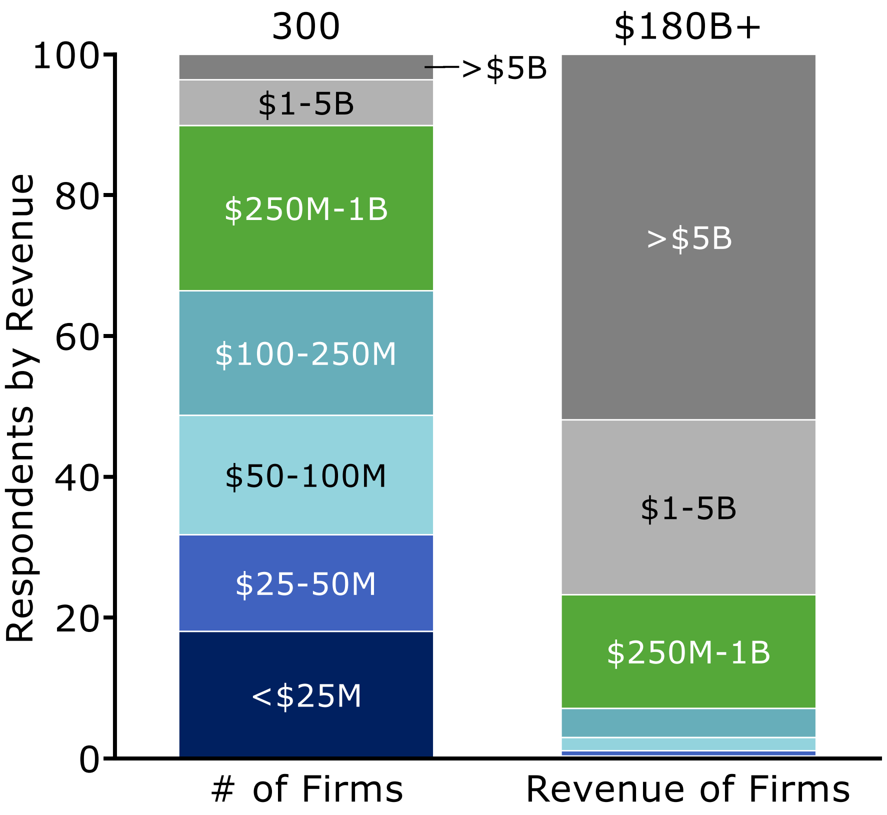
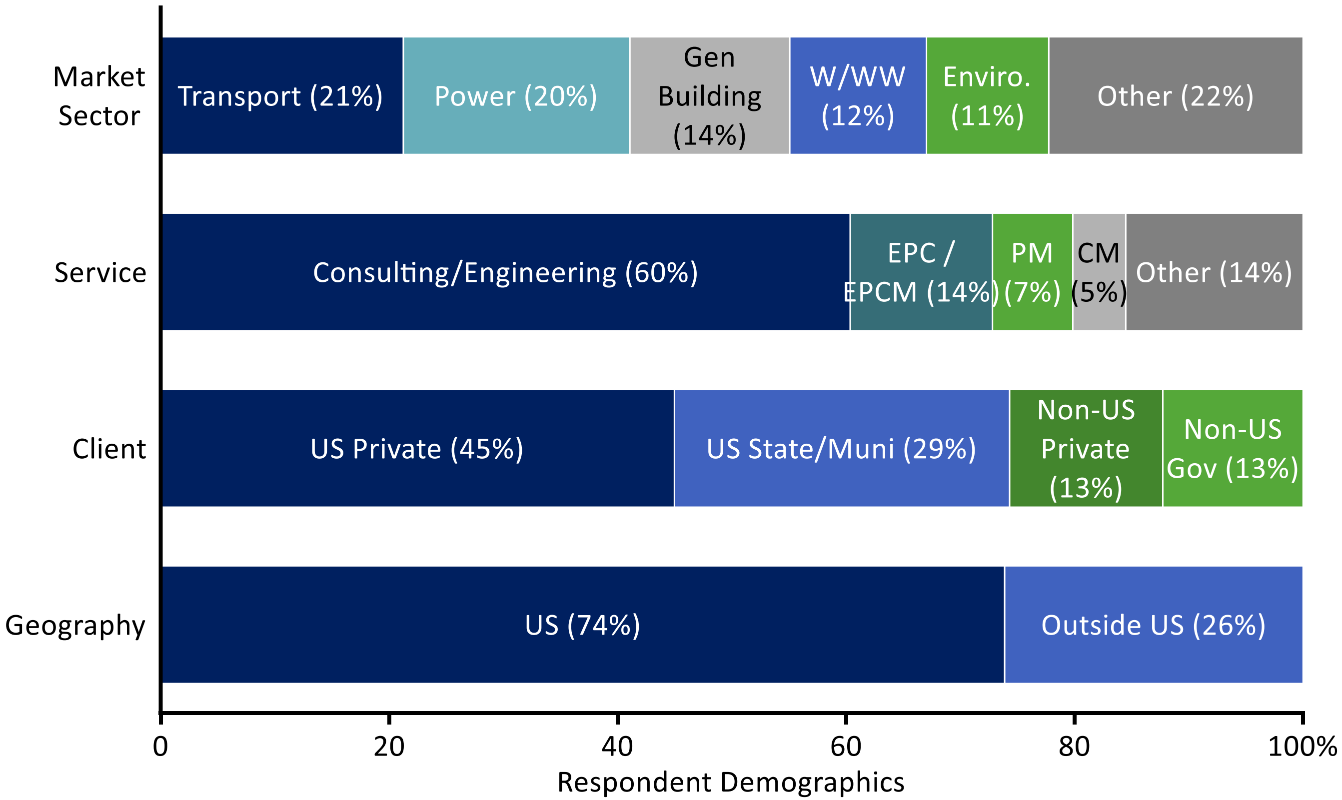
2024 EFCG CEO Survey Demographics

This year's CEO Survey participants were widely distributed across revenue buckets and comprised over $180B in revenues. Firms are primarily US-based and E/C focused, working in Transportation, Power, General Building, Water, and Environmental end-markets.

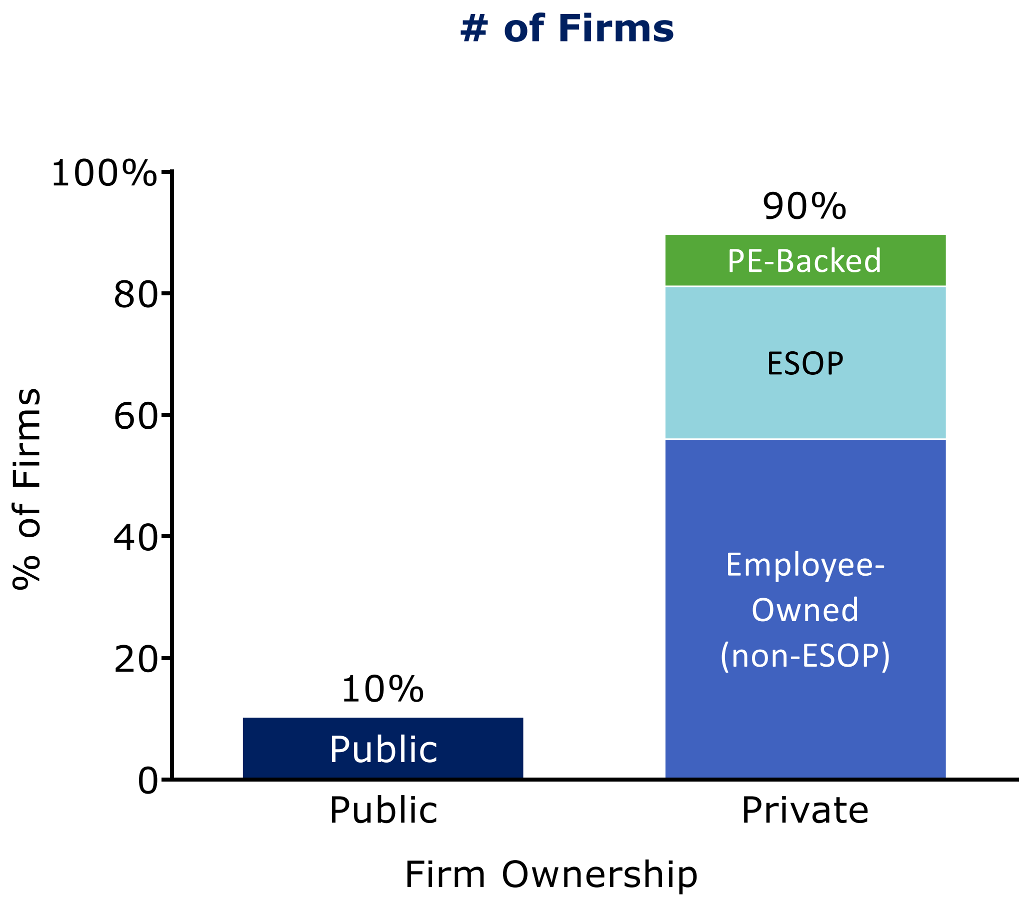


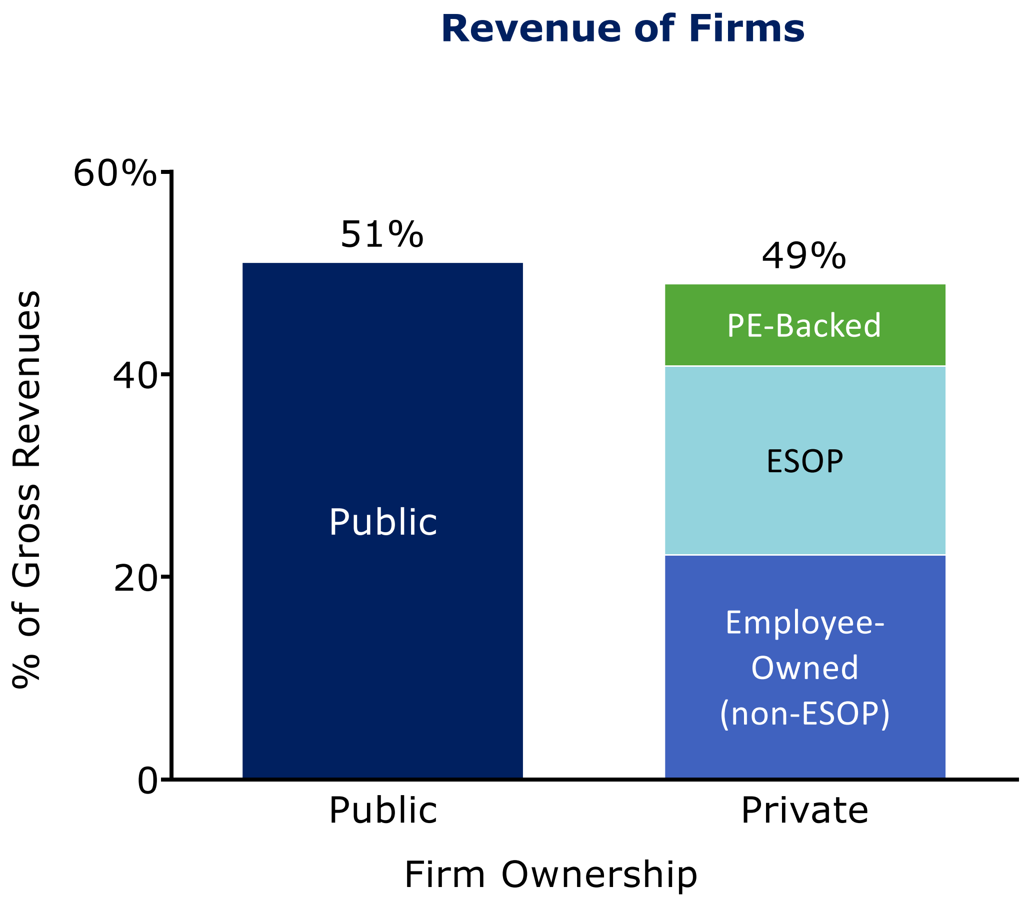


Source: 2024 EFCG CEO Survey

Ownership Breakdown - % of Firms and % of Revenues

Public firms only make up 10% of firms but comprise 51% of revenues.





Industry Overview and What's on the Horizon

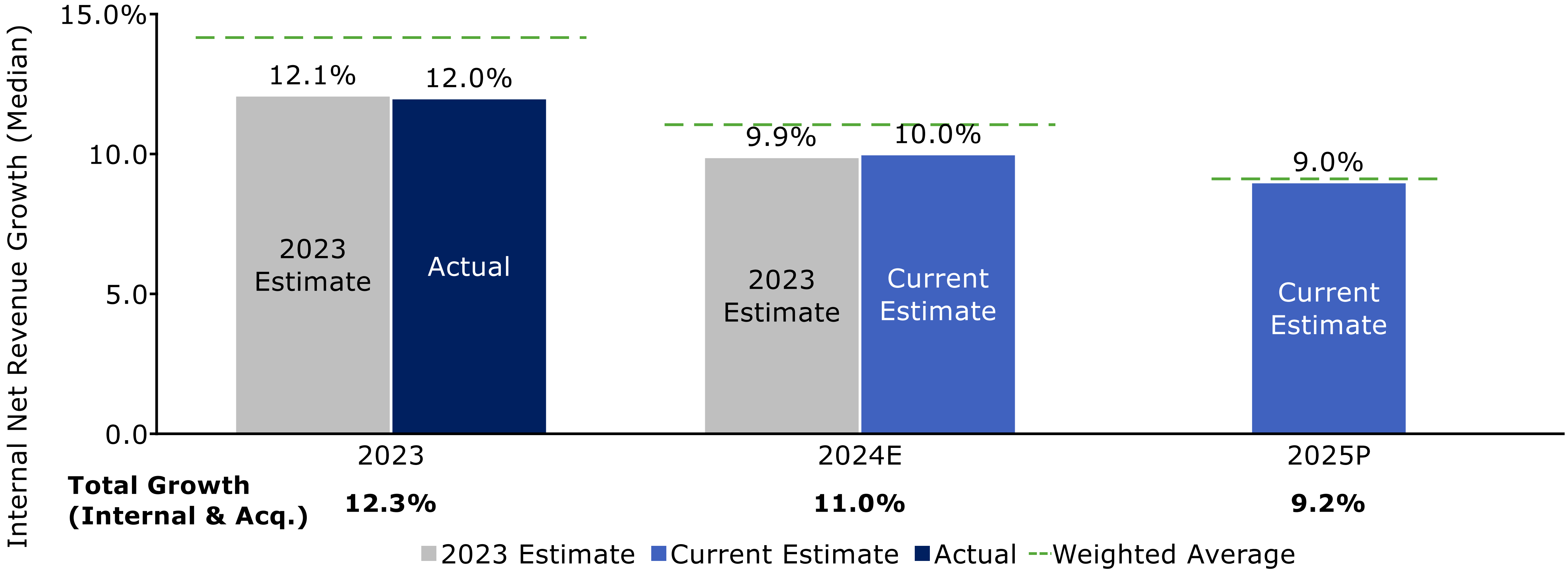
- Firms closed 2023 strong, with the highest median growth since pre-2008, coupled with strong profit margins. This year, growth is normalizing from post-pandemic peak, but profit is expected to continue improving
  - This strong financial performance is projected to continue in 2025 (including expectations for record-high profitability), even in light of macroeconomic, political, and geopolitical concerns

- Talent constraints continue to be the limiting factor to growth, particularly when revenue growth is tied to headcount
  - Firms are trying to improve - or even move away from - the billable hour model (e.g. by selling technology, leveraging Gen AI, pursuing advisory and management consulting work, taking on fixed price work, and acquiring niche capabilities)

- Firms are also pulling every possible lever to attract and retain talent in an increasingly competitive labor market (e.g. by providing flexibility around hybrid work, acquiring or acqui-hiring talent, and appealing to employees' interest in ESG and innovation)

Current Internal Growth Estimates

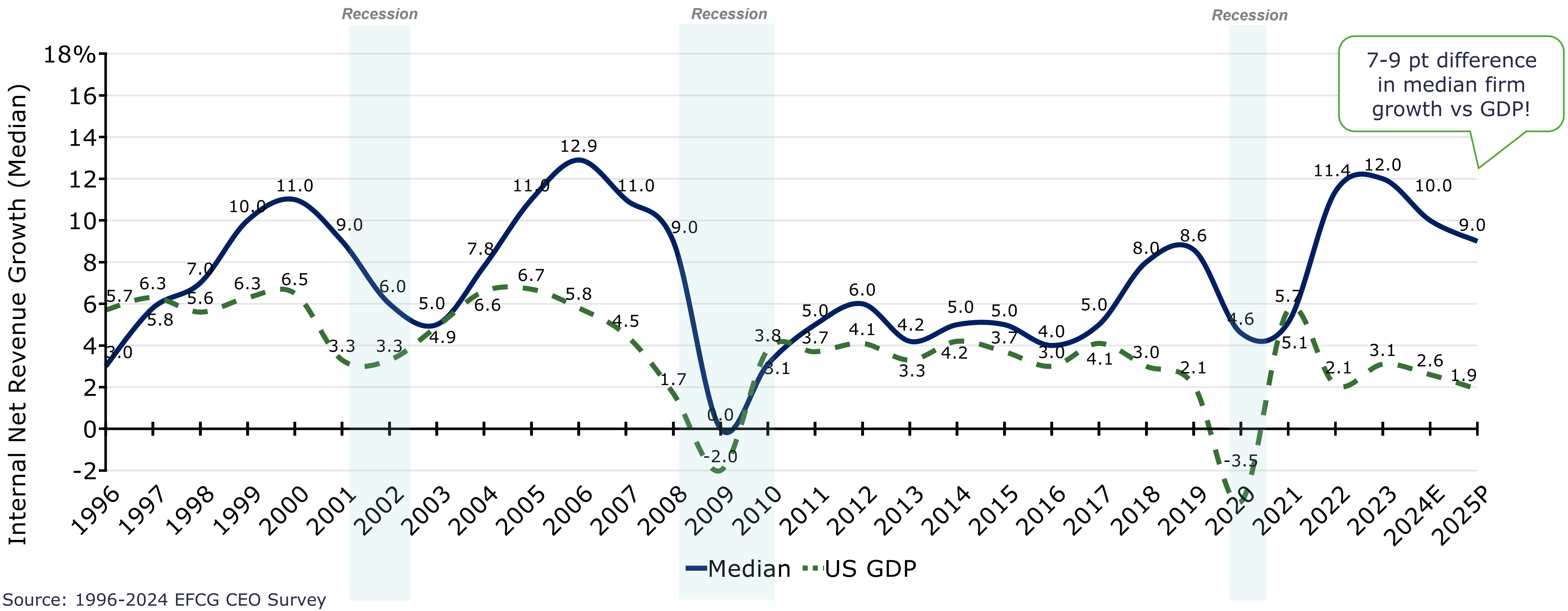
2023 growth was in line with previous estimates at 12.0%. 2024 is estimated to continue strong at 10% internal growth, and 2025 projections are 9%.



Source: 2024 EFCG CEO Survey

Historical Internal Growth Trends vs US GDP

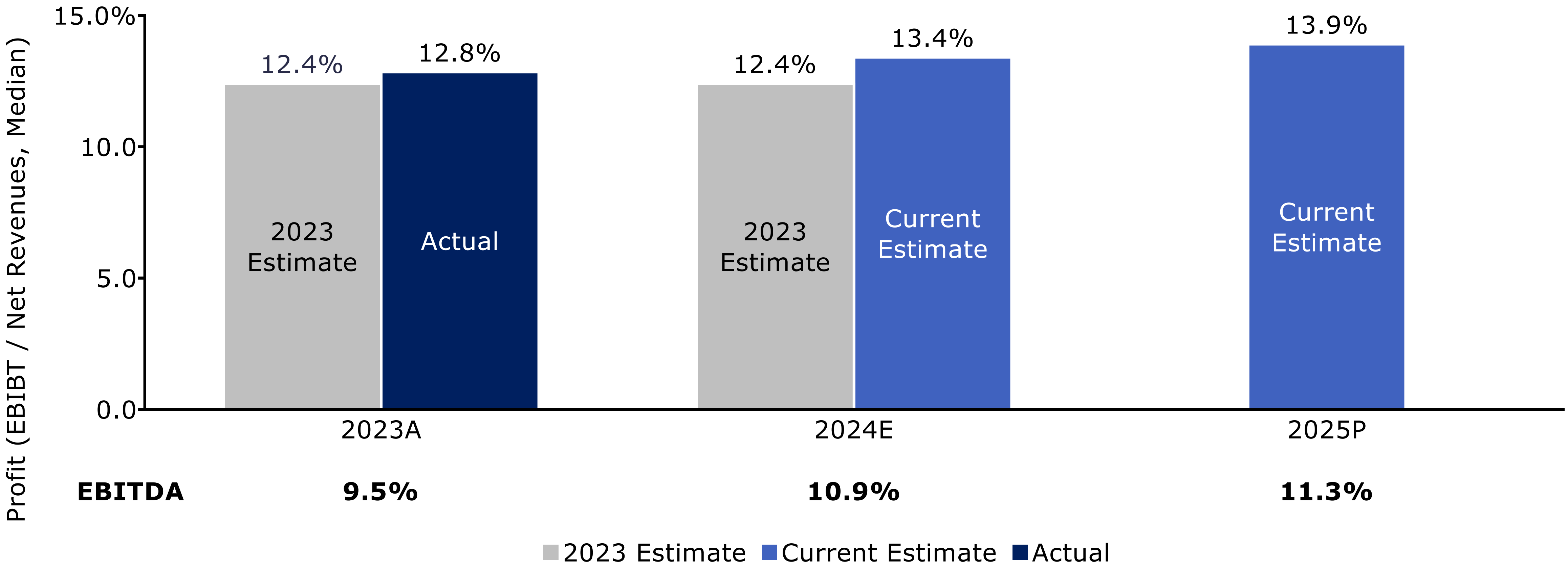
Our industry continues to outperform the US GDP (27 of the last 31 years!). 2022-2025P represent one of the largest gaps between industry growth and US GDP that we've seen – will we eventually see the effect of the current economic environment?



Source: 1996-2024 EFCG CEO Survey

Current Profitability Estimates

Profit for 2023 came in slightly higher than last year's estimates, and current estimates are for improved profitability this year and next year at 13-14% EBIBT and ~11% EBITDA.



Source: 2024 EFCG CEO Survey

Growth vs Profit – Is There An Ideal Position?

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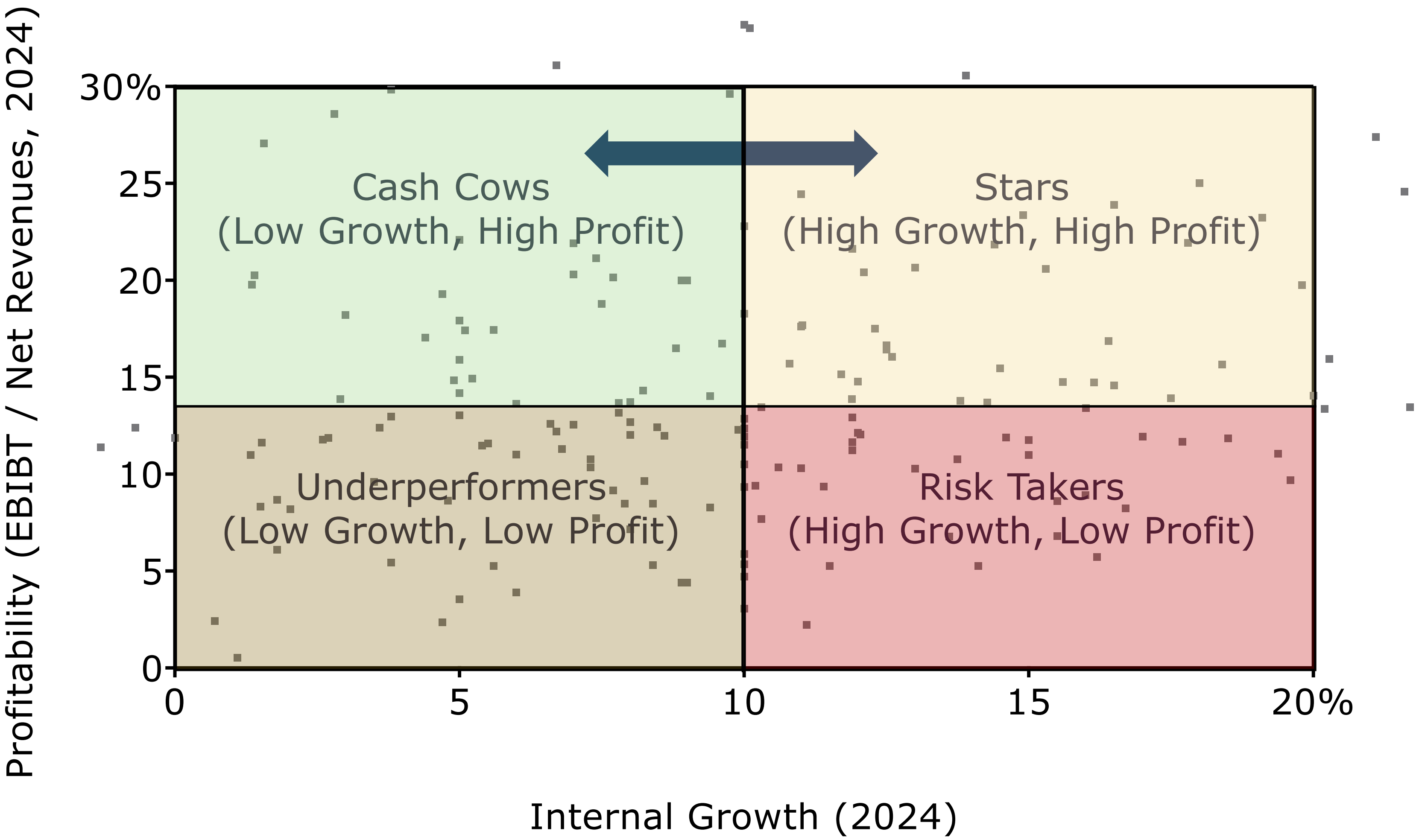
Growth and Profit are not mutually exclusive – many firms are able to successfully manage high growth and high profit. Is the goal to always be a "star"?



High growth is hard to maintain in perpetuity

"Sweet spot" is high profit, and moving back and forth between higher and lower growth

Retaining Employees Continues to be a Challenge

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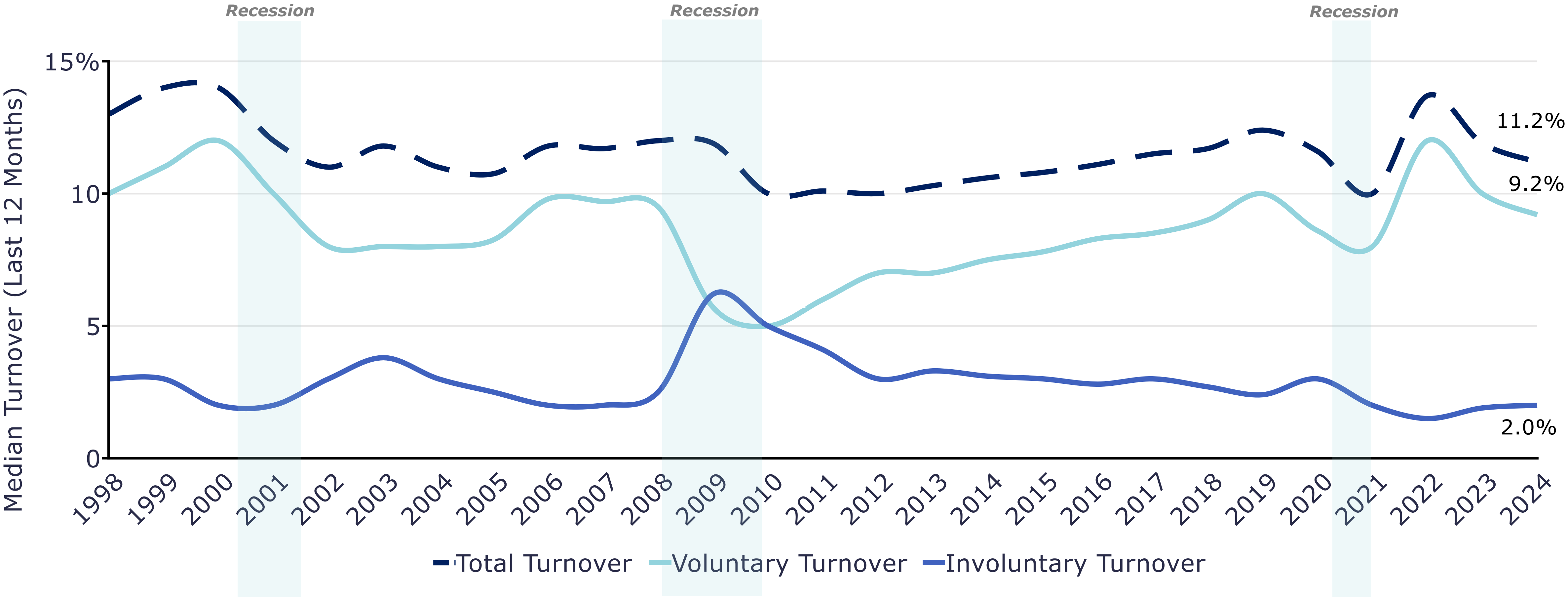
Voluntary turnover remains high at 9%. While rates have decreased since the 2022 peak, turnover is still higher than most of the 2010-2020 period.



Source: 1998-2024 EFCG CEO Survey; note: turnover numbers are median (not average) and exclude hourly workers

Ways to access the remaining 50+ pages of EFCG's AEC Industry Overview covered in the table of contents

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Price: Free

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