



2024 CEO Conference

2024 AEC Industry Overview

SAMPLE



Full Table of Contents



Survey Demographics

Executive Summary

- Industry Overview and What's on the Horizon
- CEO/CFO Perspectives on Priorities and Concerns

Growth

- Current Internal Growth Estimates (2023A – 2025P)
- Internal Growth Distribution and Trends
- Historical Internal Growth Trends vs US GDP
- Historical Internal Growth Trends vs Backlog Change

Profitability

- Current Profitability Estimates (2023A – 2025P)
- Profitability Distribution and Trends
- Historical Profitability Trends
- Profitability by Ownership Structure
- Growth vs Profit Matrix

Industry Outlook

- Growth (2024 – 2028)
- Macro and External Trends
- Hot / Cold Analysis

Industry Trend: Talent

- Historical Turnover Rates
- Why do employees leave?
- Why do employees stay?

Industry Trend: Productivity & Pricing

- Revenue and Profit per FTE
- Pricing Increases Trends
- Client Selectivity Trends

Industry Trend: Technology

- EFCG Technology Framework – Four Spheres of Technology

- Technology Portfolios
- Selling Technology: Statistics and Considerations

Industry Trend: Generative AI

- Current and Expected Use of Gen AI
- Gen AI Uptake Curve
- Use Cases for Gen AI

Industry Trend: M&A

- M&A Transaction Overview
- Types of Acquirers
- Acquisition Activity by Ownership Structure and Size
- Target M&A Multiples by Ownership Structure of Buyer

Industry Trend: Evolution of ESG

- ESG Services and Reporting
- DEI Backlash and Responses
- Workforce Diversity Statistics
- ESG Outlook

Industry Trend: Emerging Business Models

- Hybrid Work Overview and Impact
- Revenues by Delivery Method
- Outside Competitors

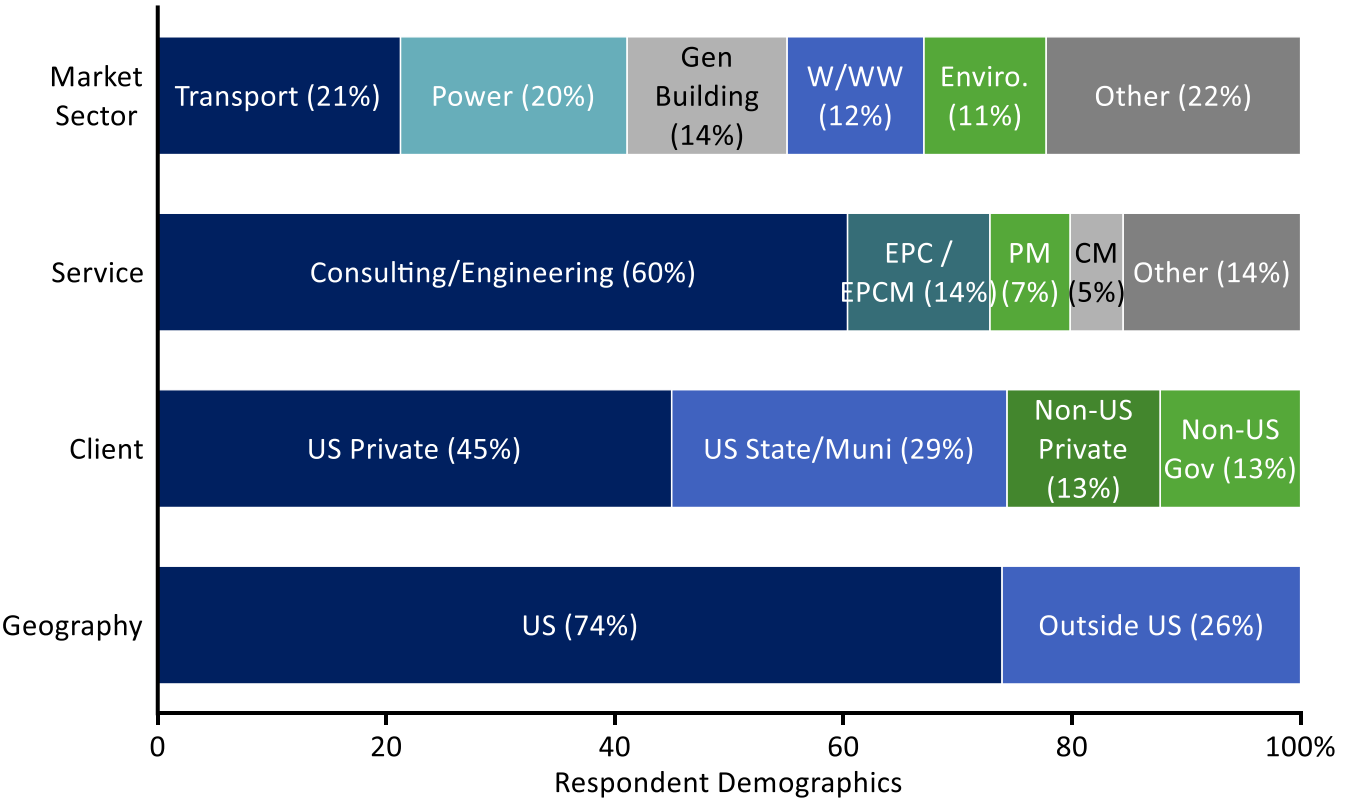
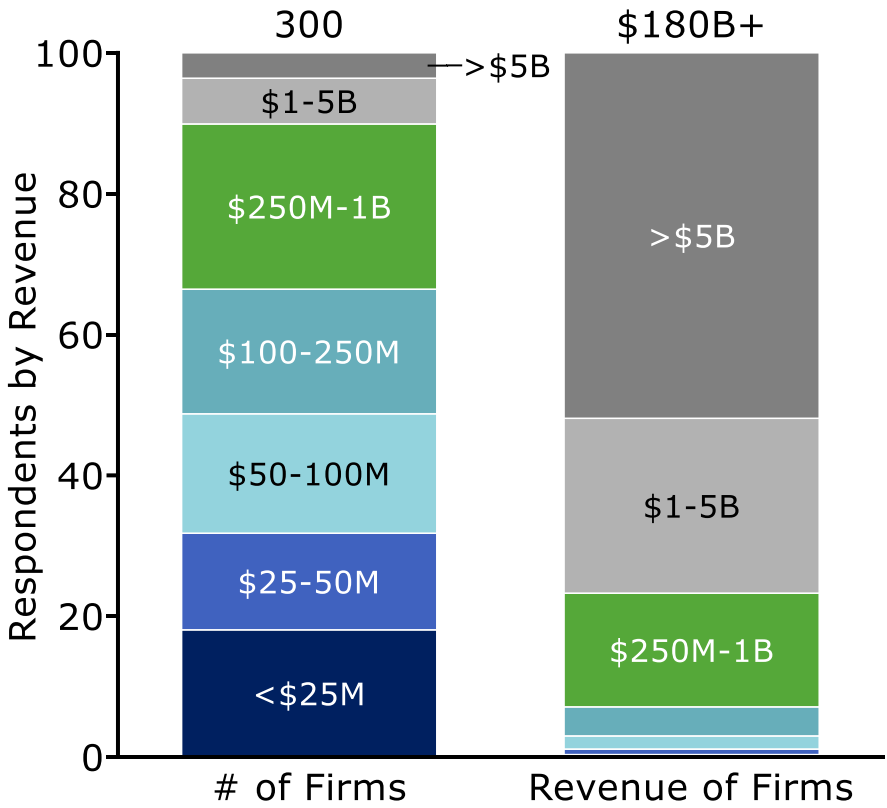
Appendix

- Overhead Breakdown
- IT and Software Costs Breakdown
- Additional Talent Trends
- Post-Merger Integration Deep Dive
- CEO Compensation
- International Expansion Statistics

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.

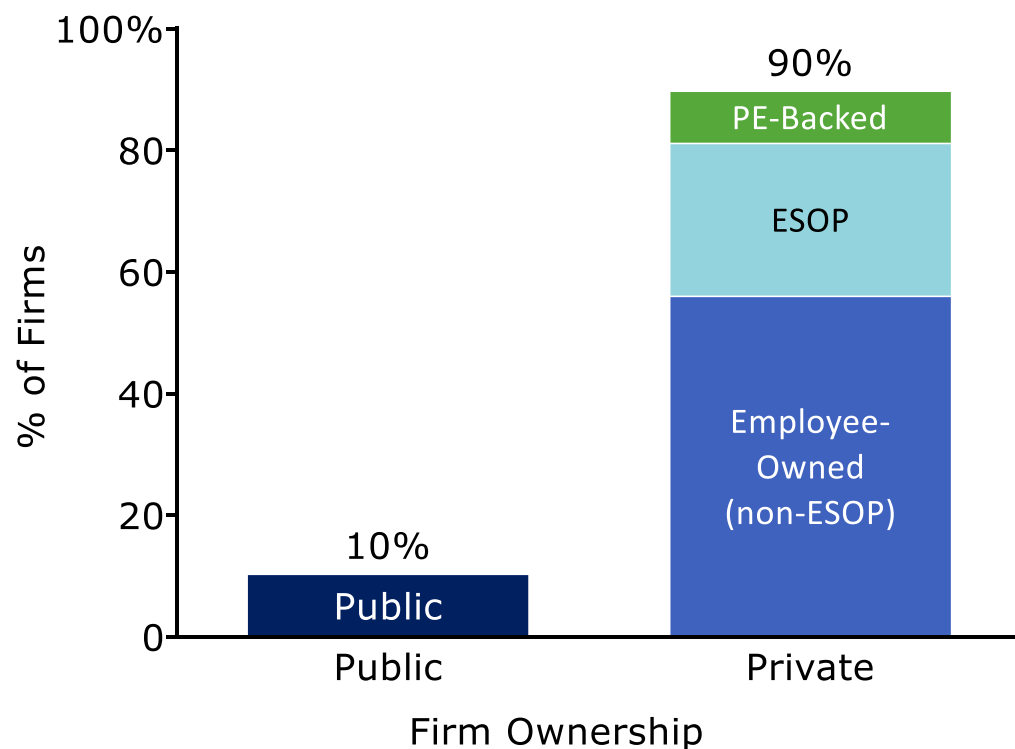


Source: 2024 EFCG CEO Survey

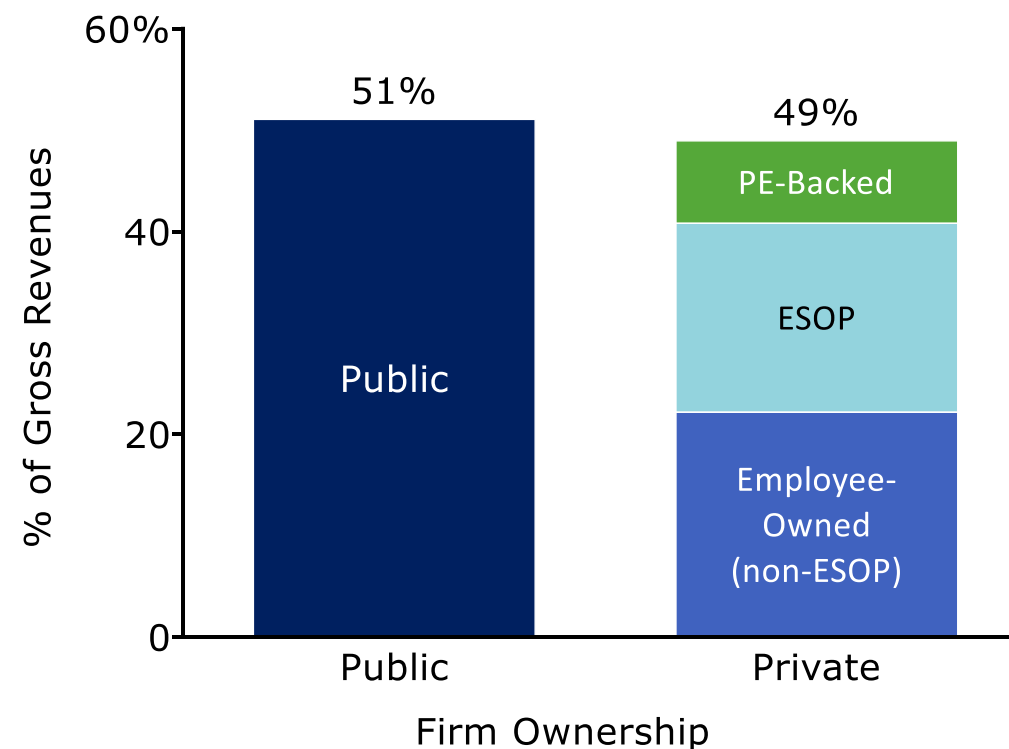
Ownership Breakdown - % of Firms and % of Revenues

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

of Firms



Revenue of Firms

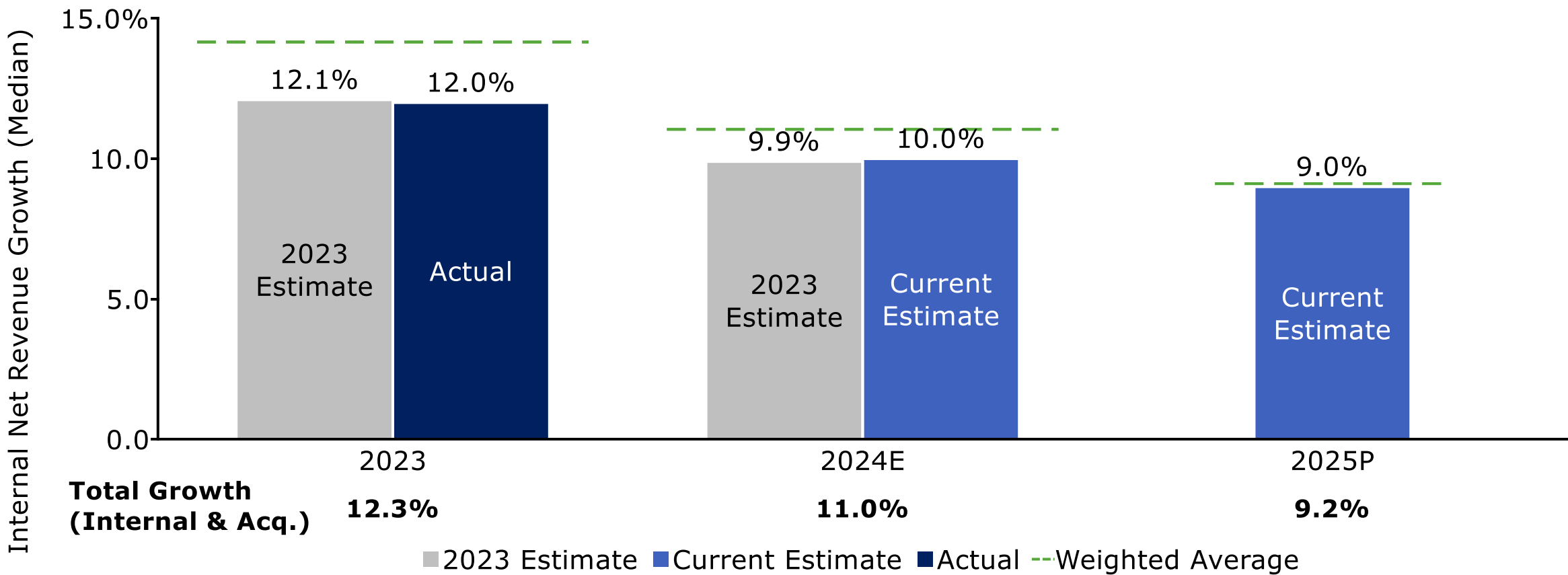


- Firms closed 2023 strong, with the highest median growth since pre-2008, coupled with strong profit margins. This year, growth is normalizing from post-pandemic peak, but profit is expected to continue improving
 - This strong financial performance is projected to continue in 2025 (including expectations 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%.

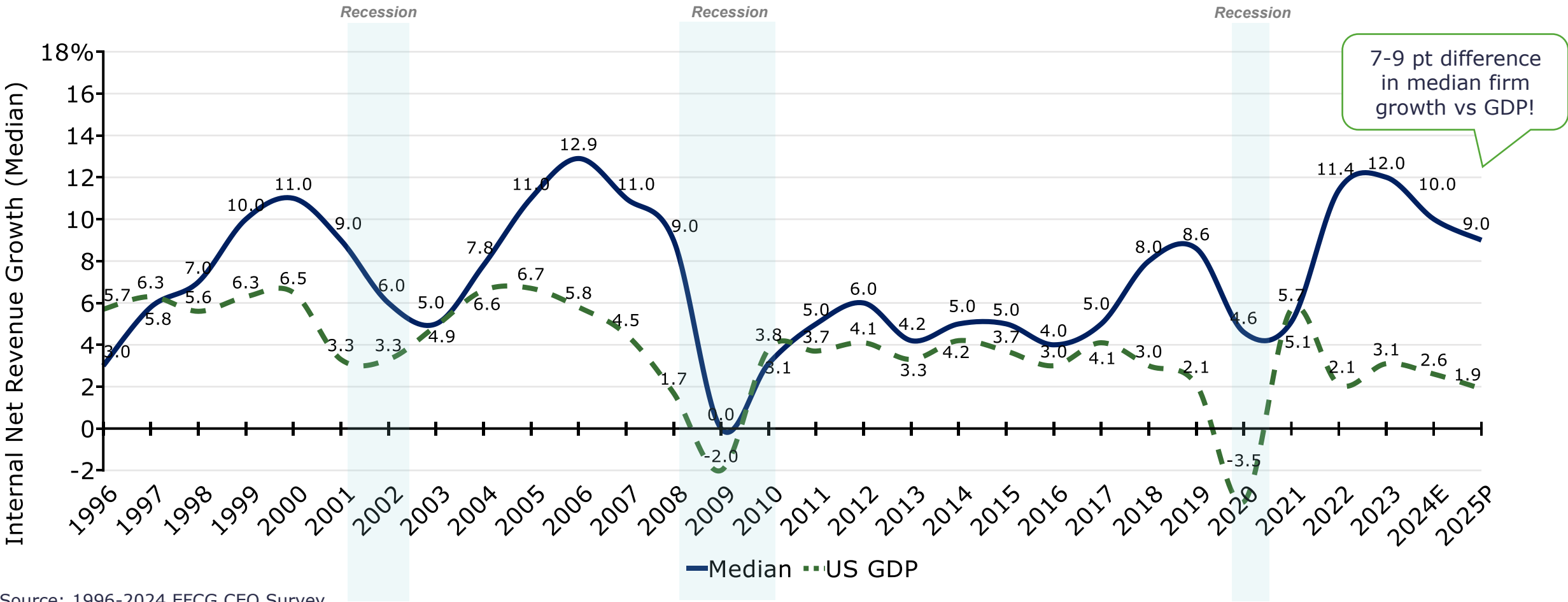


Source: 2024 EFCG CEO Survey

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?

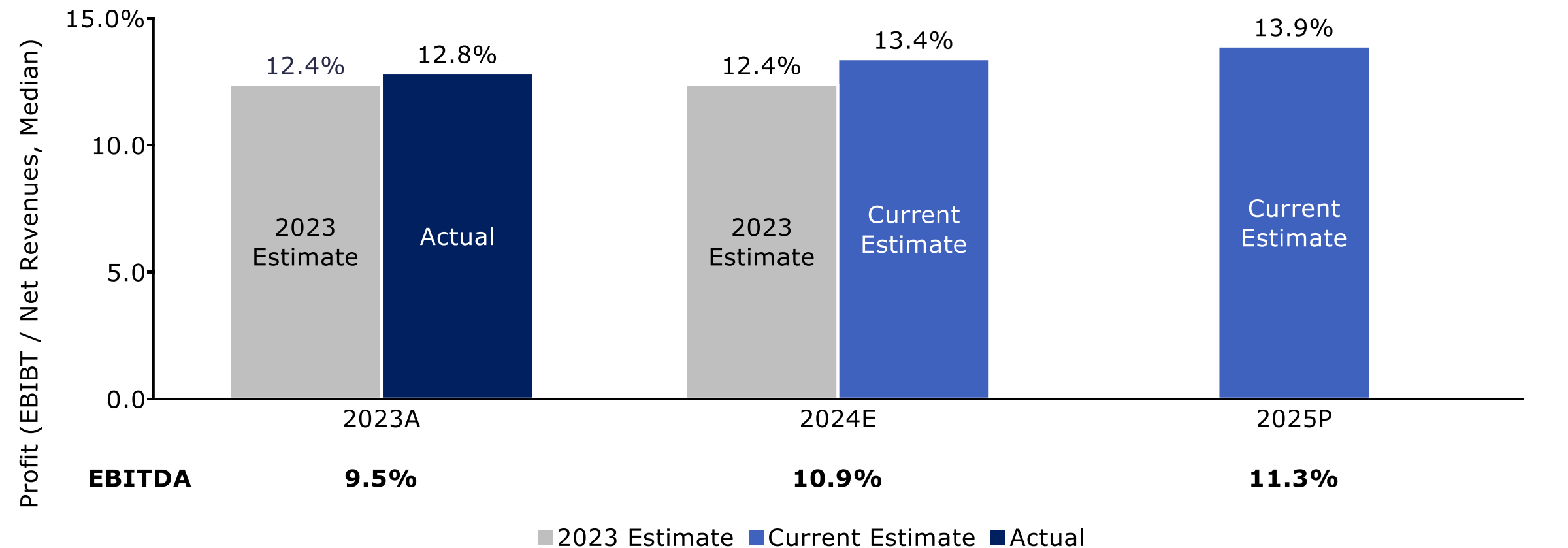


Source: 1996-2024 EFCG CEO Survey

Current Profitability Estimates



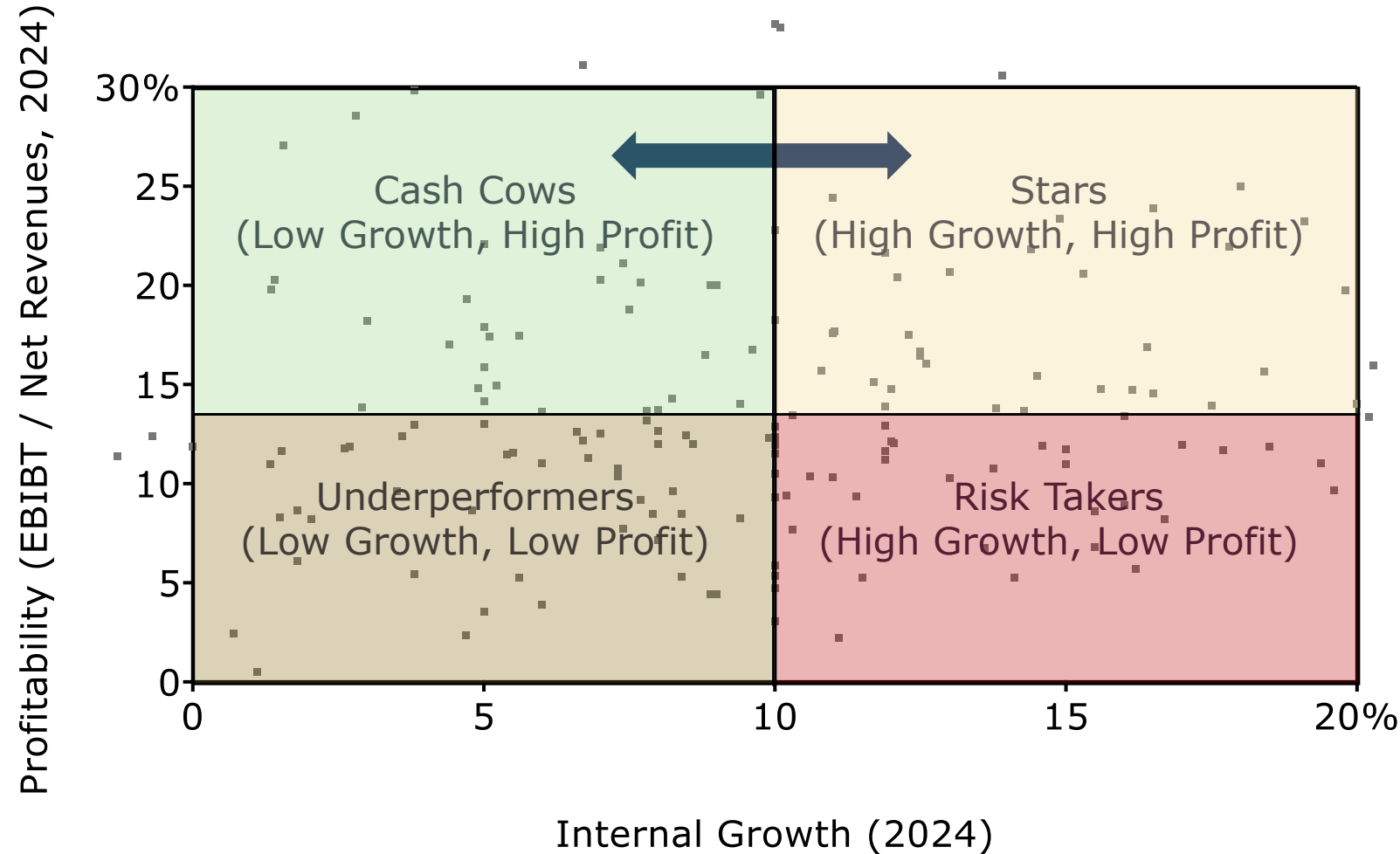
Profit for 2023 came in slightly higher than last year’s estimates, and current estimates are for improved profitability this year and next year at 13-14% EBIBT and ~11% EBITDA.



Source: 2024 EFCG CEO Survey

Growth vs Profit – Is There An Ideal Position?

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”?

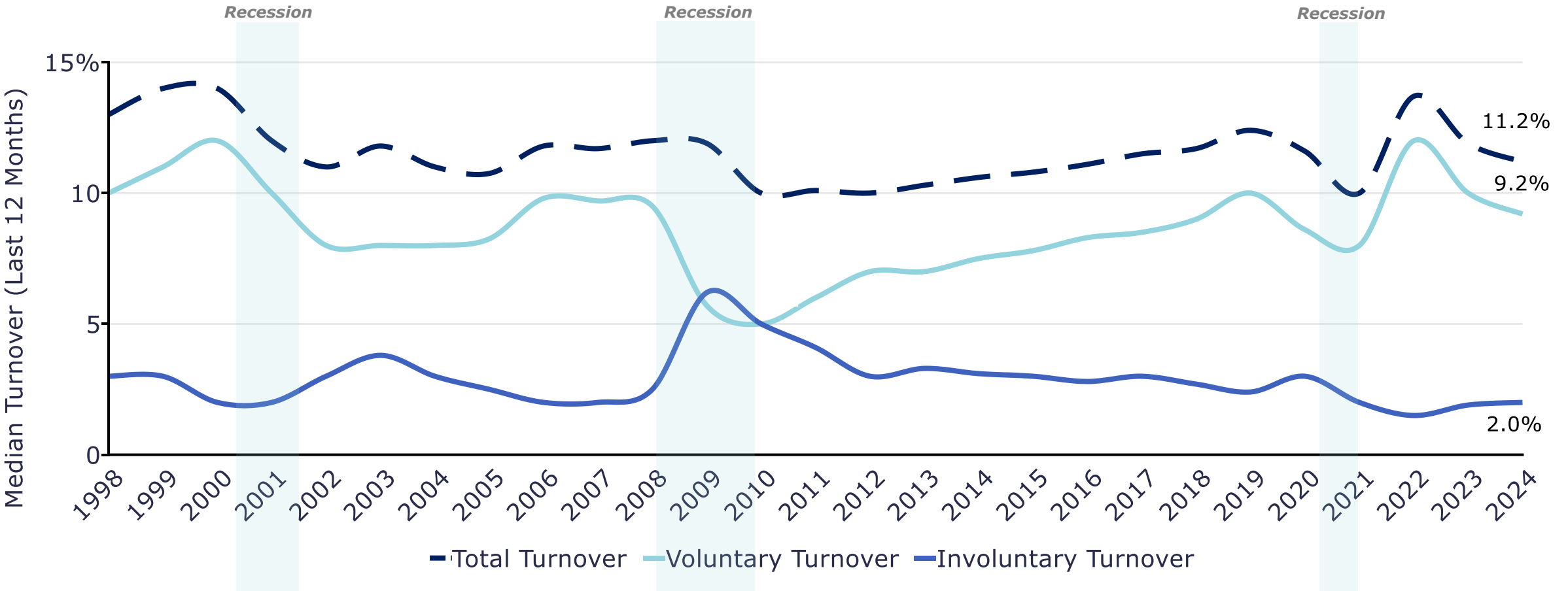


High growth is hard to maintain in perpetuity

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

Retaining Employees Continues to be a Challenge

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

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