



2025 CEO Conference

**Workshop: A Data Deep-
Dive: Getting to Know the
Data Behind EFCG's AEC
Industry Overview**

Vishal Menon
EFCG Vice President
Strategy & Corporate Finance

Monday, September 29, 2025

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Vishal Menon
Vice President
Strategy & Corporate Finance



Experience

Vice President
Strategy & Corporate Finance
Environmental Financial Consulting Group (EFCG)

Education

B.S. with Honors
Global Business and Finance
Georgetown University

Agenda

01

Sourcing EFCG's Data

Where do we get our data?

02

Key Survey Metrics

What are the key metrics that we track year over year?

03

Industry Sentiment and Trends

How do we capture industry sentiment and identify new trends?

04

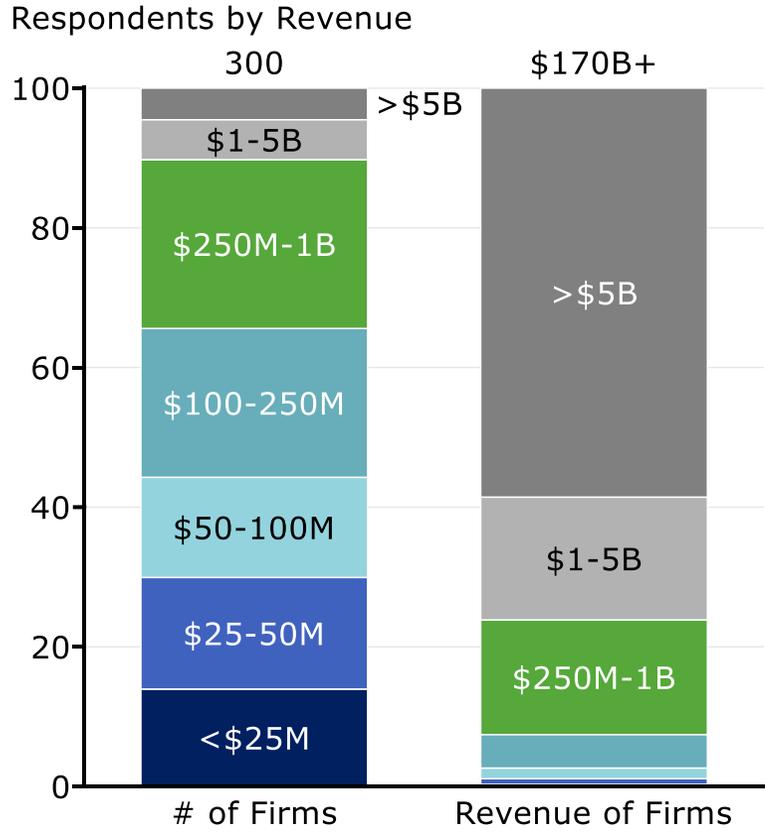
Q&A



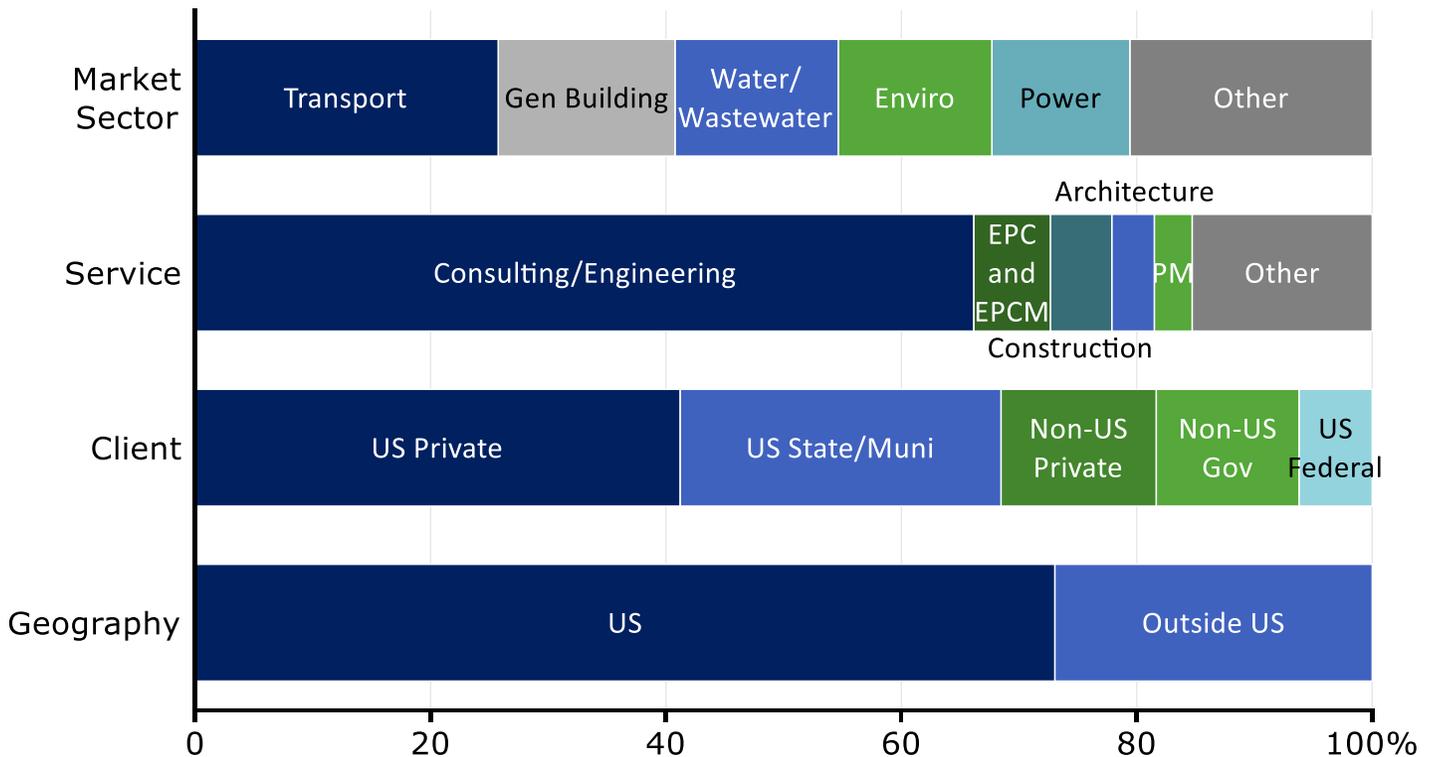
2025 EFCG CEO Survey Demographics



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.



Respondent Demographics



~90% of respondents are privately-owned firms

Source: 2025 EFCG CEO Survey

EFCG's Data and the CEO Survey



Since 1990 EFCG has surveyed AEC (Architecture, Engineering and Consulting) firms on their current and projected financial results. Today, this data is collected through our Confidential CEO Survey and has expanded to encompass Technology, M&A, Sustainability, Governance, Talent and other key areas.

In this year's Industry Overview, new data presented will include:

Prior Year	Current Year	Next Year
2024 <i>Actuals</i>	2025 <i>Estimates</i>	2026 <i>Projections</i>

All data submitted through EFCG's surveys remain completely confidential in all materials.

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Industry Overview Key Metrics

The Industry Overview utilizes data from our Confidential CEO Survey to provide insights on the performance of AEC firms. Below are some of the most common recurring metrics included each year.

Financial		Operational		Talent	
Growth	Total Growth Internal Growth			Recruitment	New Hires
Overhead	6+ Buckets Non-Billable Time of Billable People Fringe Benefits Other Non-Labor	Multiplier & Utilization	Net Revenue Multiplier \$-Based Utilization MU-Factor	Turnover	Voluntary Involuntary
Profit	EBIBT EBITDA			Diversity	Women Minorities

For the majority of metrics, EFCG cites the median rather than the average to reduce the impact of outliers on the data.

Growth



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Growth

Our Growth metrics are calculated by looking at the change in revenues year over year. In the Industry Overview, EFCG looks at both Total Net Revenue Growth and Internal Net Revenue Growth so firms can see it from multiple perspectives (ex: with and without the impact of acquisitions).

Gross Revenue

- *Subcontractor Costs*
- *Reimbursable Expenses*
- *Profit from Pass-Throughs*

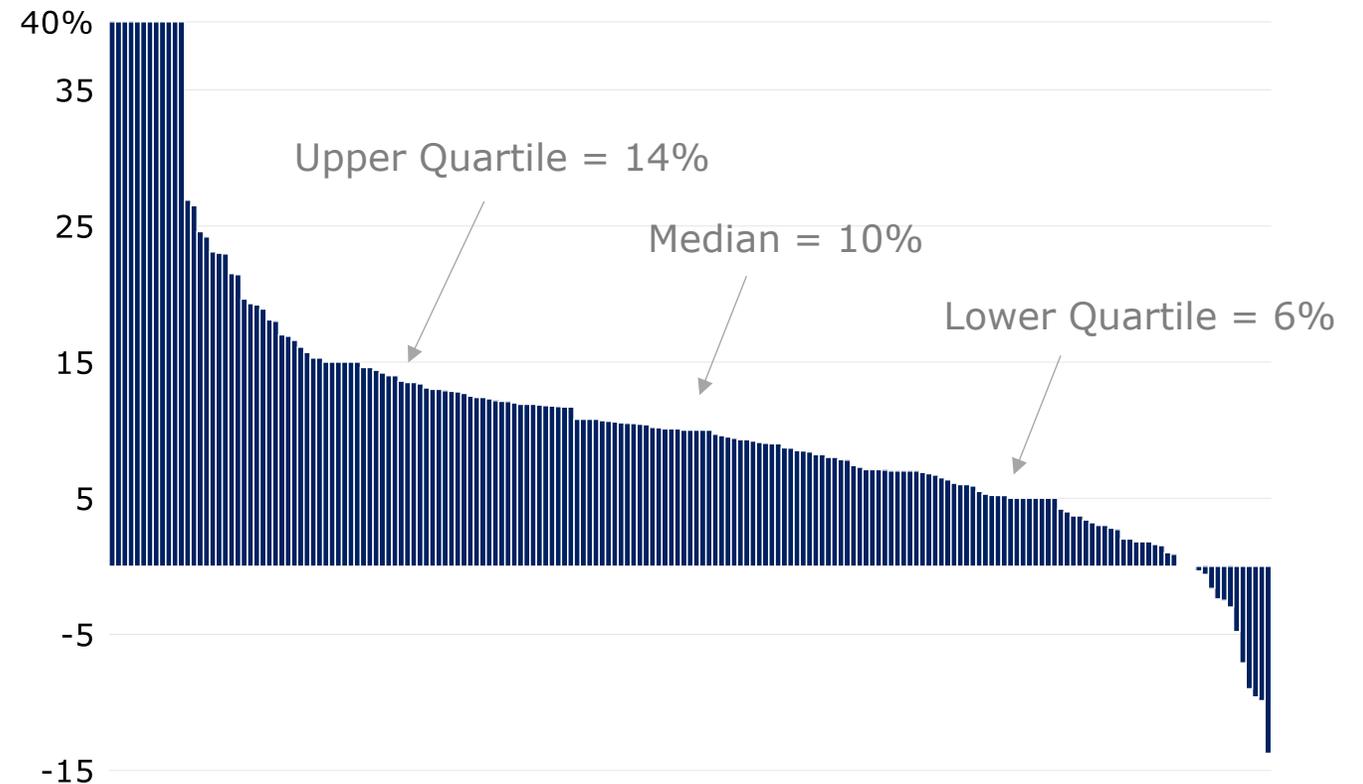
Net Revenue

- *Acquisitive Growth*
- *Divestitures*
- *FX Fluctuations*



Internal (Organic) Net Revenue

Internal Net Revenue Growth (2025)



Source: 2025 EFCG CEO Survey

Overhead



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How Do We Define Overhead?

At its highest level, we define overhead as any expense that is not charged to the client. To compare more detailed data across firms, EFCG has created a common language to group overhead expenses.

Four “Categories”

6+ Buckets (Shared Services)

*Risk Management, IT, Finance, HR,
BD / Marketing, Occupancy, Health & Safety*

Non-Billable Time of Billable People

*Project Accounting, BD / Marketing, HR /
Professional Development, PTO, Admin Time*

Fringe Benefits

*Medical Costs, Retirement Spend (including
ESOP Contribution), Payroll Tax, Other Benefits*

Other Non-Labor Costs

*Office Equipment, Travel, Depreciation &
Amortization, Bad Debt, Charitable Contributions*

Two “Types”

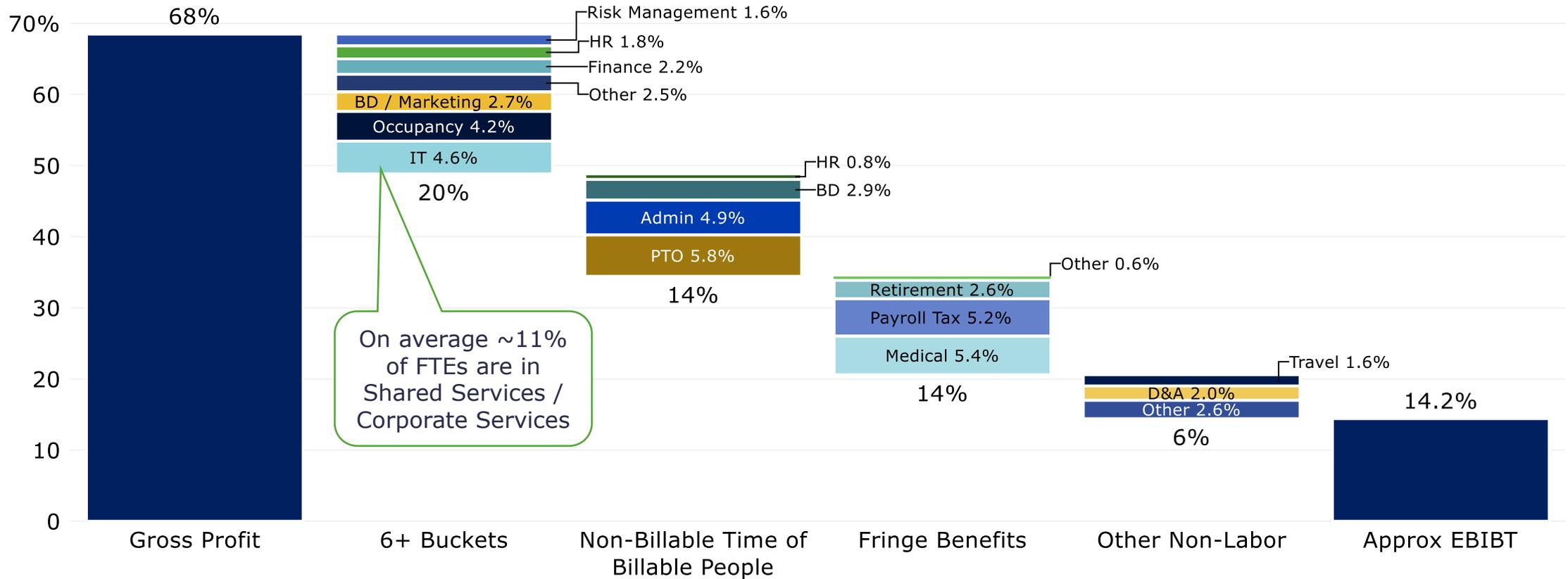
Indirect Labor – overhead costs related to people / people-hours

Non-Labor – overhead costs not related to people / people-hours

Overhead Expenses by Category

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).

Overhead Expenses (as a % of Net Revenues, 2024)



Source: 2025 EFCG CEO Survey

Profit



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The Profit Alphabet Soup...

Considerations / Use Cases

- EBIBT (**E**arnings **B**efore **I**nterest, **B**onuses & **T**axes) → *Bonus payouts are discretionary (especially if bonuses are effectively dividends for owners).*
- EBIT (**E**arnings **B**efore **I**nterest & **T**axes) → *Bonuses are still a real reduction of profit.*
- EBITA (**E**arnings **B**efore **I**nterest, **T**axes & **A**mortization) → *Amortization of goodwill is more a GAAP accounting requirement than a meaningful reduction of profitability.*
- EBITDA (**E**arnings **B**efore **I**nt., **T**axes, **D**epreciation & **A**mort.) → *Shows profitability without subtracting major "non-cash" expenses (D&A).*
- EBT (**E**arnings **B**efore **T**axes) → *Eliminates any differences driven by tax levels / structure.*
- PAT (**P**rofit **A**fter **T**axes) → *Recognizes what's truly left after taxes.*

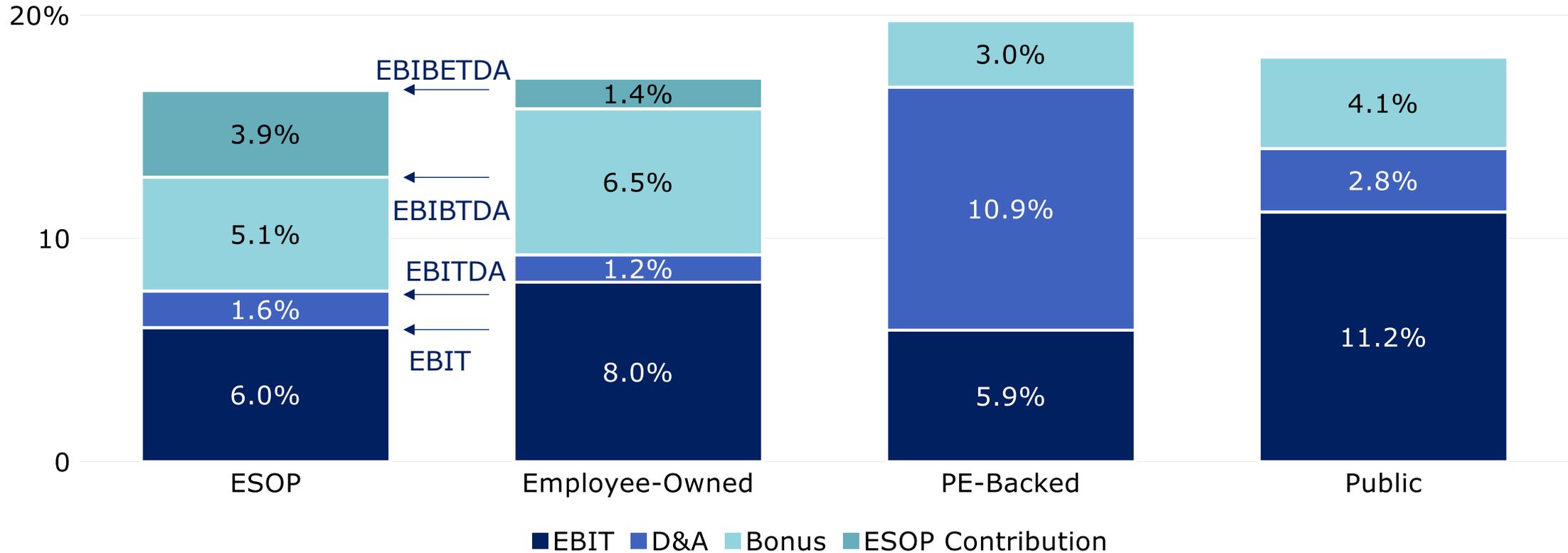
Which is most important?

(It depends on what you need it for! Each metric provides a different perspective)

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!

Profit Margin (% of Net Revenues, 2025E Median)



Source: 2025 EFCG CEO Survey

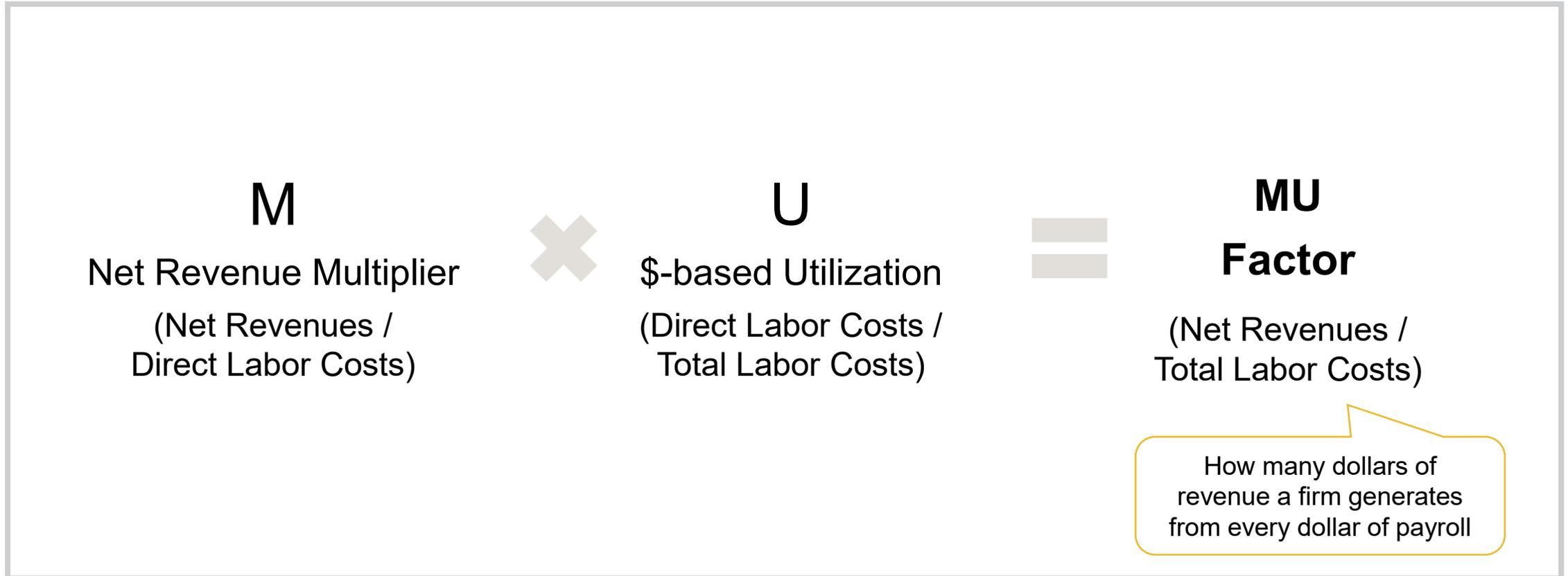
Multiplier & Utilization



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Multiplier & Utilization

One of the factors with the strongest correlation to profitability is the **MU Factor** – small improvements in either measure of MU result in large improvements in profitability.



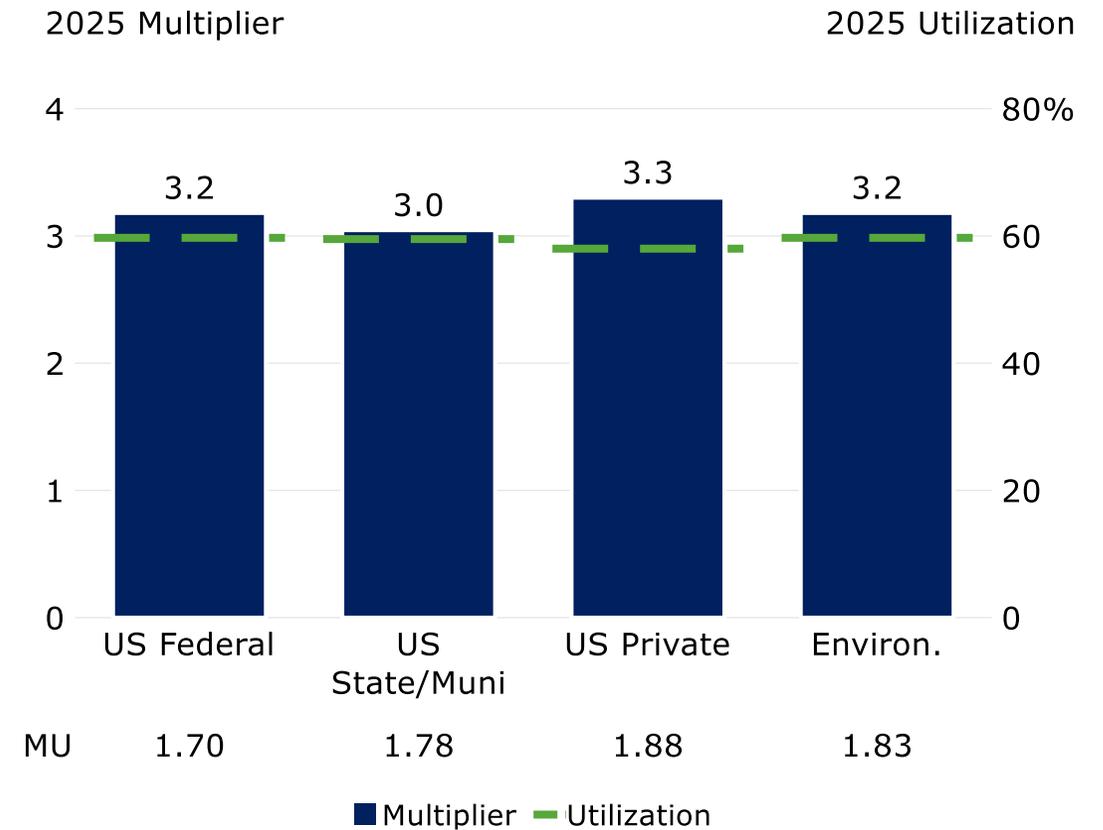
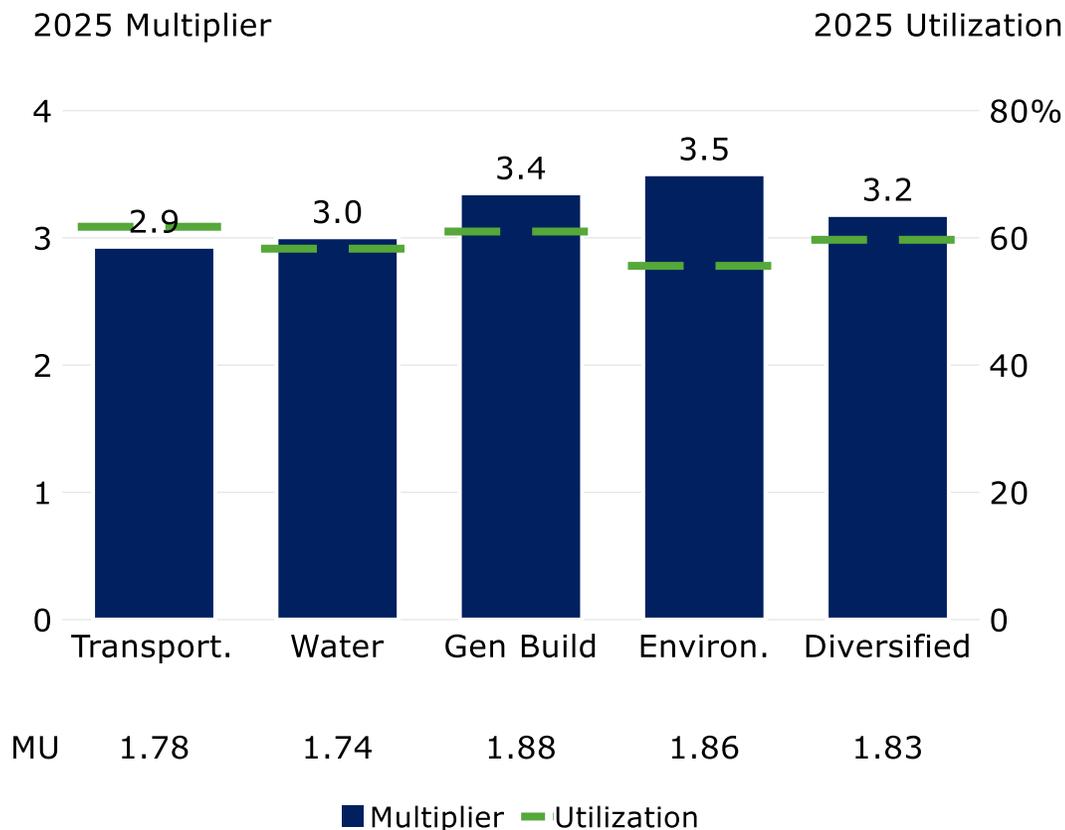
Multiplier & Utilization Differ Across Markets and Clients



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

Talent



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With the AEC industry being a people-driven industry and talent being the top constraint to firms' abilities to grow, turnover represents a key KPI to manage.

Voluntary Turnover

*% of Employees
who Elect to Leave
the Firm Each Year*

Involuntary Turnover

*% of Employees
who are let go from
the Firm Each Year*

Data Collected by EFCG



% of Women at the Firm



% of Minorities at the Firm

(Racial and Ethnic Minorities as defined by the U.S. Census Bureau)



Applications of the Data



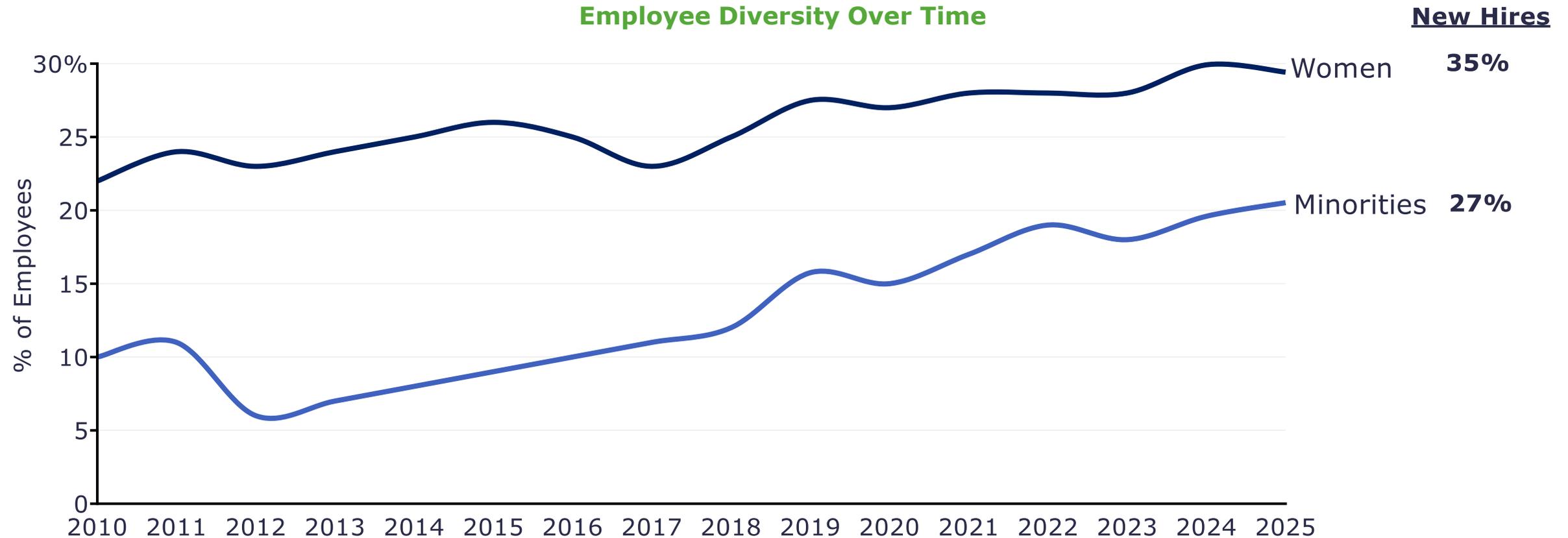
Total in Women and Minorities in the AEC Industry Over Time



% of Women and Minorities Across Different Levels

Diversity In Our Industry Improving (Slowly)

Our industry has made some progress on diversity over the last fifteen years – women are now ~30% of employees and minorities are ~20% of employees. New hire numbers are higher, but it will take time to move the needle.



Source: 2010 – 2025 EFCG CEO Surveys; Note – diversity metrics coming out of CEO surveys (n = 250, with more small firms) are lower than HR surveys

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Industry Sentiment Questions

"What areas of the industry do you expect to be the hottest (i.e. best performing) and coldest (i.e. worst performing) over the next few years?"

"What are your key priorities (or top goals) and key concerns (or top threats) as CEO in the next year?"



EFCG Team Analyzes and Aggregates Responses Based on Themes and Frequency



Hot	Cold	Priorities	Concerns

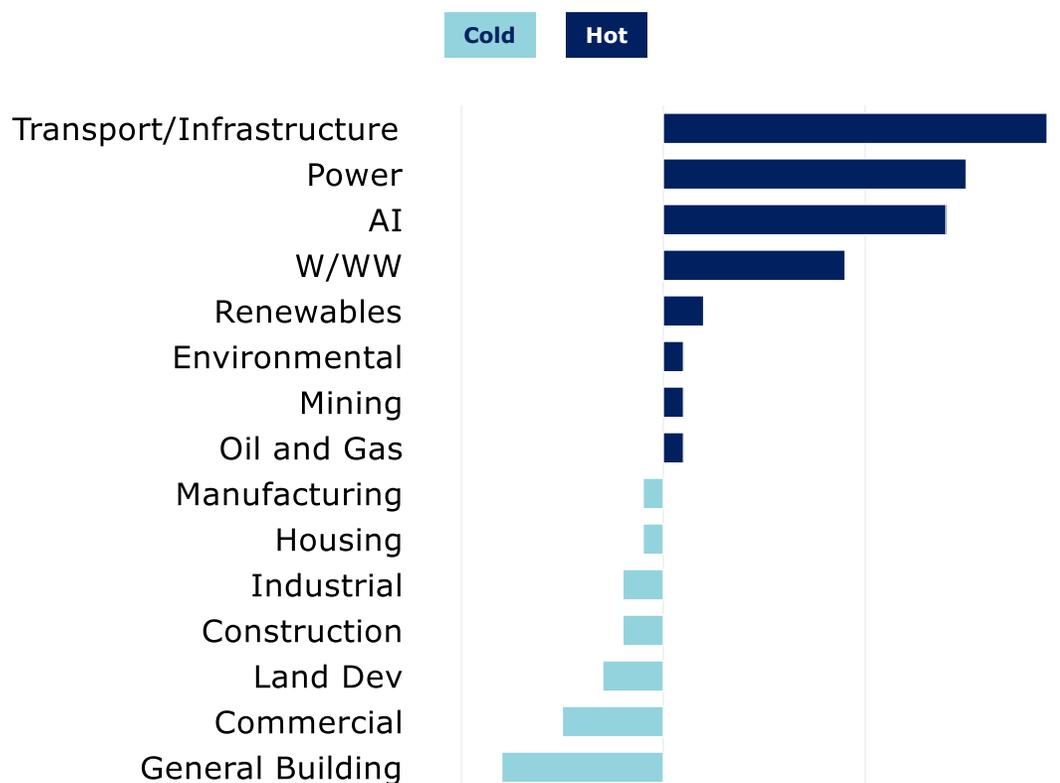
EFCG Annual Hot / Cold Analysis



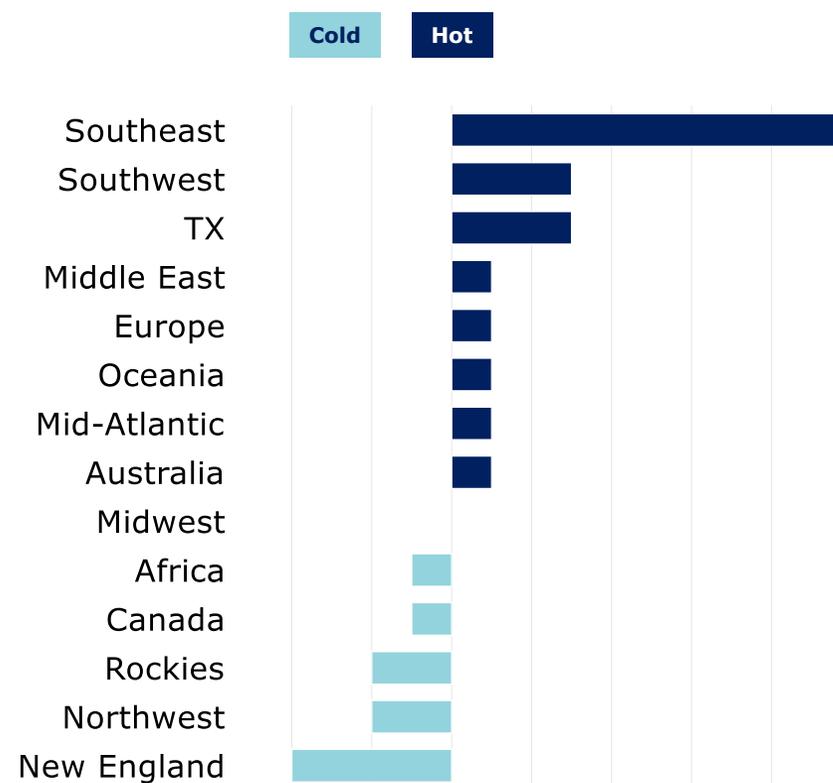
Markets: Transportation, Power, and AI are hottest; Building and Commercial are expected coldest.

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

Markets



Geographies



Source: 2025 EFCG CEO Survey

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

- Analyzing the data and key priorities & concerns you share in the surveys
- Having thousands of calls with AEC firm executives (and non-executives!)
- Identifying factors we believe are shaping (and will shape) the industry
- Keeping a pulse on broader macro trends and news events
- Leveraging our team's expertise from inside and outside this industry

2025 EFCG AEC Industry Overview "Industry Trends"

Technology Strategy

Generative & Agentic AI

Future Talent Challenges & Needs

Emerging Strategies & Business Models

Evolution of ESG

Mergers & Acquisitions

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Looking For Even More Benchmarks?

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

See the sign-up form in your packet for more details or email vmenon@efcg.com

Exhibit 4a
PRODUCTIVITY ANALYSIS
"MU Factor" and Time-Based Utilization

Type of analysis →

Metric measured →

Companies part of Primary (Size) peer group	"MU Factor" Analysis			Time-Based Utilization Rate			Net Revenues / FTE (\$K)
	Net Revenue Multiplier (M)	\$-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	
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	3.22	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%	Primary and Alternative peer group metric medians
Water / Wastewater	3.12	58.1%	1.87	69%	38%	59%	

Your company's metrics in comparison to peers*

*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.

Includes insightful commentary from EFCG based on firm data and peer-specific metrics



Ask Us Questions

Vishal Menon

vmenon@efcg.com

<https://calendly.com/vishalmenon>

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