

Introduction to EFCG

Financial Sponsor & Private Equity Services Overview

Winter 2024

I Introduction to EFCG

II Market Update

What We Do

Our Mission: Provide a data-driven and strategic edge to Architecture, Engineering, and Consulting (AEC) firms to advance the innovation, sustainability, and success of the industry.



<p>Who We Are</p> <p>Founded in 1990, Environmental Financial Consulting Group (EFCG) is the leading advisor to Architecture, Engineering, and Consulting (AEC) firms</p>	<p>What Differentiates EFCG</p> <p>For 30+ years and counting, we have served as a retained advisor to 500+ firms, developed a proprietary database of financial and business metrics from our clients, held more than 100 executive conferences, and built personal relationships with the CEOs and key decision makers at every major AEC company and private equity firm investing in the AEC space</p>	<p>Global Presence</p> <p>International experience and distributed geographic presence of our team enables us to develop close ties with leading global AEC firms and investors</p>
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Each of Our Service Pillars is Powered by the Most Comprehensive Proprietary Database in the Industry

6 Annual Surveys	500+ Database Contributing Firms	1M+ Data Points Every Year
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Corporate Finance & Strategic Advisory

500+

AEC Firms Advised

- Strategic Planning
- Financial Benchmarking
- Valuations
- Talent Strategy
- Technology Practice
- Sustainability & ESG

Mergers & Acquisitions Advisory

200+

M&A Transactions Advised On

- Sell-Side Engagements
- Preparation for sale and positioning check-ins
- Consultation on Capital Raises (minority and majority)
- Buy-Side Engagements
- Due diligence and market studies
- Pre- and Post-Merger Integration

Leadership Conferences

100+

Conferences Hosted

- Analysis on AEC Trends from EFCG's Proprietary Industry Database
- Perspectives from Subject Matter Experts and Industry Executives
- Invaluable Peer-Networking Opportunities

Highly Experienced M&A Team...

Veteran team with extensive experience in mergers, acquisitions, and divestitures.



Jessica Barclay
Managing Partner
15+ Years Experience
Harvard College (B.A.)
Dartmouth College (M.B.A.)

Select Prior Experience:
Black Creek Group
J.P. Morgan
Goldman Sachs



Trevor Casey
Senior Vice President
15+ Years Experience
Georgetown University (B.A.)
Duke University (M.B.A.)

Select Prior Experience:
Live Oak Bank
Harris Williams
Aiglon Capital



Emily Shaw
Vice President
10+ Years Experience
Williams College (B.A.)

Select Prior Experience:
Vail Resorts, FP&A
Goldman Sachs



Chien Lim
Senior Analyst
5+ Years Experience
University of North Carolina (B.A.)

Work Experience:
Credit Suisse



Clay Han
Senior Analyst
3+ Years Experience
Dartmouth College (B.A.)

Work Experience:
League Park Advisors



Alexis Borg
Analyst
2+ Years Experience
University of Illinois Urbana-Champaign (B.S.)

Work Experience:
William Blair
Citigroup

...Supported by a Deep Bench of Industry Professionals

“One firm” mentality with our colleagues and pillars.

Advisory Team



Rebecca Zofnass
Managing Partner



Andreas Georgoulis
Director of
Sustainability & ESG



Vishal Menon
Senior Associate



Ryan Del Grosso
Associate



William Onyach
Analyst



Ethan McCue
Analyst



Addy Orcutt
Analyst

Technology & Advanced Analytics



Marcus Quigley
Partner & Technology
Practice Lead



Jay Margherio
Vice President



Jackson Golden
Vice President

Talent & Comp Strategy Team



Julie Hasiba
Managing Partner



Dimitri Milionis
Vice President

Conferences & Administrative Team



Renee Ring
Chief Operating Officer

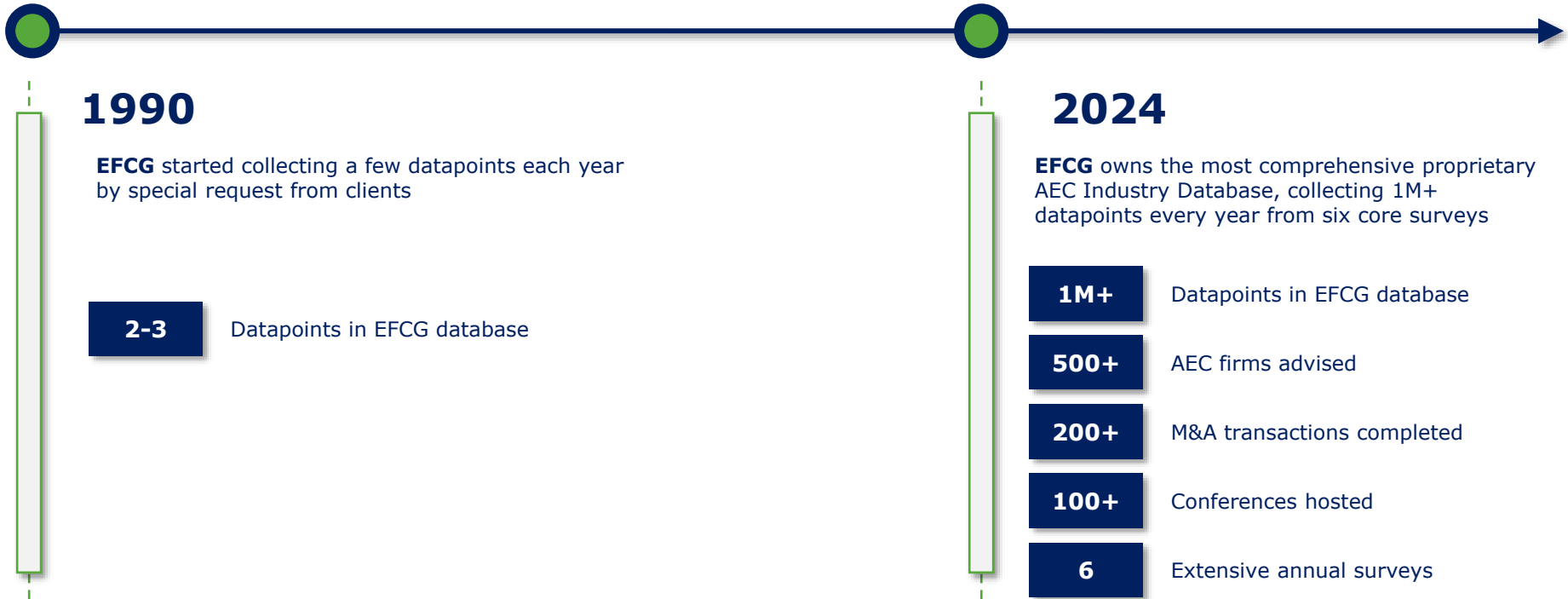


Bambi Caicedo Rogers
Senior Conferences &
Events Specialist



Kim Thieme
Office Manager

Our History – It All Started with the Data



Paul Zofnass
Founder


About Our Founder

- Paul Zofnass founded the Environmental Financial Consulting Group (EFCG) in 1990 after 17 years in finance at Citibank and at Oppenheimer, where he was a Managing Director in Investment Banking.
- For over 30 years, Paul was the leading strategic and financial advisor to CEOs in the environmental and infrastructure engineering and consulting industry.
- After creating the Zofnass Infrastructure Sustainability Program at Harvard, Paul helped co-create the Envision Rating System, which is widely used around the world with over 9,000 engineers trained and credentialed as Envision Sustainability Professional (ENVSP).
- He is an alumnus of Harvard College, Harvard Law School, and Harvard Business School, and was recently presented and honored with the 2021 EBJ Lifetime Achievement Award.

Our Unique Capability Set

With end-to-end solutions, EFCG is the only firm that offers a complete list of services for the AEC Industry that effectively consolidate Management Consulting and Investment Banking capabilities.



EFCG Service Capabilities Comparison			
Service Capabilities	 EFCG	Investment Banking Firms	Management Consulting Firms
<i>Corporate & Financial Strategic Planning</i>	✓		✓
<i>Peer Benchmarking Analyses For AEC Firms</i>	✓		
<i>Technology, Innovation, Talent, and ESG Strategy</i>	✓		✓
<i>AEC Technology Valuations, Divestitures, and Spin-offs</i>	✓		
<i>Firm Valuations & Internal Ownership Transitions</i>	✓	✓	✓
<i>M&A Sell-Side & Buy-Side Representation</i>	✓	✓	
<i>M&A Support Services</i>	✓	✓	✓
<i>Market Analyses & Insights</i>	✓	✓	✓
<i>Pre-Merger Integration</i>	✓		
<i>Post-Merger Integration</i>	✓		✓
<i>Executive Leadership Conferences for AEC Firms</i>	✓		

Over the past 30+ years, EFCG has worked with 500+ firms across the AEC industry to unlock business synergies, achieve their short-term and long-term objectives, and maximize shareholder value

Extensive Experience Advising AEC Firms

EFCG has consistently delivered exceptional results to founders and equity stakeholders, helping to meet their strategic and financial goals during ownership transitions.

Sell-Side Services

Structured Sell-Side Processes

Recapitalizations & Private Equity Services

Corporate Divestitures & Technology Spinouts

Joint Ventures & Alliances

Buy-Side Services

Investment Screening: Add your contact information, firm information, and acquisition criteria to our buyer database.

Opportunistic: EFCG will, from time to time, bring relevant companies that fit your acquisition criteria, if and as they come to us from various sources.

Tactical: Client will provide list of targets. EFCG and Client mutually agree on names. EFCG will reach out to targets to set up introductory meetings and advance the conversation.

Full Scale (limited availability): Understand your acquisition criteria and fully canvass the target landscape, nationally and/or globally, to create a robust list of relevant targets.

Pricing Varies by Tier

Recent M&A Transactions

sanborn
geospatial

has acquired the assets of

NUVIA
DYNAMICS

EFCG advised
The Sanborn Map Company

EFCG
January 2024

Buy-Side
Advisory

Alliance
TECHNICAL GROUP

A portfolio company of

Morgan Stanley
CAPITAL PARTNERS

has acquired

ORTECH

EFCG advised Alliance Technical Group

EFCG
December 2023

Buy-Side
Advisory

Trilon

A portfolio company of

ALPINE

has acquired

Facility Data Services

a subsidiary of

RAMBOLL

EFCG initiated the transaction
and advised Ramboll

EFCG
December 2023

Sell-Side
Advisory

accenture

to acquire

ANSER
ADVISORY

A portfolio company of

STERLING

EFCG advised Anser Advisory

EFCG
June 2023

Sell-Side
Advisory

ANSER
ADVISORY

acquired

gafcon
DIGITAL

EFCG initiated and advised
Gafcon Digital

EFCG
April 2023

Sell-Side
Advisory

LITTLEJOHN & Co.

acquired

ARDURRA

EFCG advised Littlejohn & Co.

EFCG
February 2023

Buy-Side
Advisory

How to Leverage EFCG for Additional Corporate Finance Services



AEC Industry Overview

EFCG's AEC Industry Overview is a comprehensive look at the latest trends and performance of the Architecture, Engineering, and Consulting Industry. Each year, EFCG collects proprietary financial and operational data from 300+ firms and analyzes that data so firms in the industry can make sense of how they compare on key metrics (ex: Growth, Profitability, Turnover) and understand what factors will play an increasingly important role in the future of the industry (ex: Technology, ESG, M&A). This document provides a true snapshot of what is happening in this space and offers critical questions that leadership teams can build into their conversations.

AEC Industry Overview - \$8,000

To purchase the unredacted AEC Industry Overview please email Emily Shaw at eshaw@efcg.com

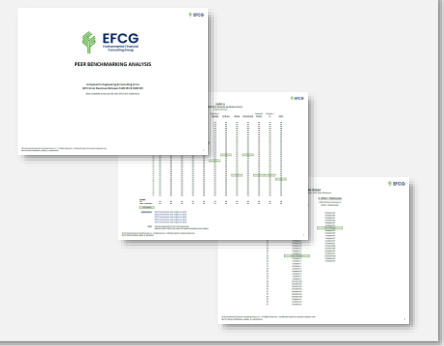


Peer Benchmarking Analysis

EFCG's Peer Benchmarking Analysis / Market Study compares an AEC firm to its peers across a variety of metrics, from profitability and revenue growth to business development, turnover, technology, sustainability, and overhead. We typically use at least two peer groups: one is the "primary peer group," usually aimed at identifying a company's closest competitors, whether by revenue size or market sector, and the second is the "alternative peer group," which aims to identify firms which are similar to the target company, but perhaps in a different way, like customer sector or geographic location.

Peer Benchmarking Analysis - \$50,000

To purchase a Peer Benchmarking Analysis please email Emily Shaw at eshaw@efcg.com



Quantitative Integration Analysis (QIA)

EFCG's Quantitative Integration Analysis (QIA) helps clients understand post-merger integration as never before:

- Leverage millions of pre-existing data points to view your organization at any level of detail.
- Act on leading indicators of integration success – months ahead of conventional approaches.
- Measure and benchmark progress using EFCG's proprietary "Integration Velocity" algorithms.
- Prove value creation and track progression toward operational and commercial goals.

Quantitative Integration Analysis (QIA) - \$7,500 per month / \$15,000 per quarter

To inquire about the QIA please email Emily Shaw at eshaw@efcg.com



Case Study: How EFCG Assists Financial Sponsors

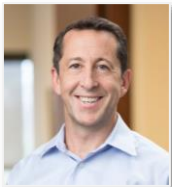
EFCG is able to effectively leverage its extensive proprietary database, decades-long relationships, and deep expertise in the AEC industry to assist Financial Sponsor Clients in making informed buy-side decisions and standing out in increasingly competitive processes:

Common Issues Faced

- Limited access to operational & financial benchmarking data for private AEC companies
- Absence of industry-standard & historical transaction multiples
- Understanding cultural norms & building deeper relationships with key decision-makers
- Need for financial sponsors to differentiate themselves in the transaction process
- Integration roadblocks post-transaction closure

How EFCG Can be Helpful

- Utilizing EFCG’s proprietary database of detailed industry financial data spanning 30+ years, we provide financial sponsors the ability to compare a target against the market, across 150+ financial metrics. This enables Sponsors to develop a more comprehensive thesis for internal Investment Committees
- Benefiting from one of the most comprehensive Private Transaction databases in the industry, EFCG assists financial sponsors in determining transaction multiples that are highly competitive while ensuring they do not overpay
- Leveraging our established relationships with key decision makers at Targets, EFCG is able to engage in back-channel discussions. Putting our weight behind a potential partner helps to set them apart from other bidders
- Drawing on EFCG’s advisory capabilities, we offer guidance to financial sponsors on optimal post-merger integration strategies, streamlining the process from its earliest stages to drive improved outcomes



Mike Kaplan
Managing Director

LITTLEJOHN & Co.

“

“EFCG played a pivotal role in our successful investment in Ardurra. Their exceptional data, strong relationships, and deep knowledge of the AEC industry enabled us to stand out in the process and create the optimal outcome for all parties. We look forward to working more with EFCG to keep growing the impressive Ardurra platform.”

”

Representative AEC Engagements 2014 – 2023

 has acquired the assets of EFCG advised The Sanborn Map Company January 2024	 to acquire EFCG provided advisory and valuation services to Morrison Hershfeld January 2024	 A portfolio company of Morgan Stanley CAPITAL PARTNERS has acquired EFCG advised Alliance Technical Group December 2023	 A portfolio company of ALPINE has acquired Facility Data Services a subsidiary of EFCG initiated the transaction and advised Ramboll December 2023	 to acquire has acquired A portfolio company of STERLING EFCG advised Anser Advisory June 2023	 acquired EFCG initiated and advised Gafcon Digital April 2023	LITTLEJOHN & Co. acquired EFCG advised Littlejohn & Co. February 2023	 acquired EFCG initiated the transaction and advised Alliance Technical Group November 2022	 acquired EFCG initiated and advised Carbonfund.org October 2022	 acquired EFCG advised Sanborn Map Company September 2022
 acquired EFCG initiated and advised Vertex July 2022	 acquired EFCG initiated and advised Stanley Consultants April 2022	 acquired EFCG initiated and advised GAI Consultants April 2022	 acquired the environmental consulting business of COMSTOCK Comstock Holding Companies, Inc. EFCG initiated and advised Comstock and Comstock Environmental March 2022	 acquired EFCG initiated the transaction and advised Milton Chazen Associates March 2022	 acquired EFCG initiated and advised Wang Engineering January 2022	 has sold to the WTS management team EFCG advised Wang Engineering January 2022	 acquired EFCG advised G-Logics September 2021	 acquired EFCG initiated and advised ARRG Consulting August 2021	 Acquired a majority interest in from EFCG advised Braun Intertec and Agile Frameworks April 2021
 acquired EFCG initiated and advised Vertex January 2021	 Powered by partnership acquired EFCG initiated and advised The Chazen Companies December 2020	 acquired EFCG initiated and advised Sargent & Lundy April 2020	 acquired EFCG initiated and advised Prime AE November 2019	 acquired EFCG initiated and advised Caltrip May 2019	 Merged With EFCG initiated and advised Wood & Berry March 2019	 acquired EFCG initiated and advised Ramboll January 2019	 acquired EFCG initiated and advised RW Black September 2018	 acquired EFCG initiated and advised PBW May 2018	 acquired EFCG advised First Reserve on due diligence issues April 2018
 acquired EFCG initiated and advised Power Engineers January 2018	 acquired EFCG advised Watten Advantage January 2018	 sold an equity stake to EFCG initiated and advised Woolpert December 2017	 acquired EFCG initiated and advised Joyce November 2017	 acquired EFCG initiated and advised LBG August 2017	 acquired EFCG initiated and advised Power Engineers July 2017	 acquired EFCG initiated and advised NMC June 2017	 acquired EFCG initiated and advised Quantum December 2016	 acquired EFCG initiated and advised ICA December 2014	 EFCG initiated the sale of Summit June 2016
 divestiture of EPC business to EFCG initiated and advised Leidos April 2016	 acquired EFCG advised Bury March 2016	 acquired EFCG co-advised Coffey February 2016	 divestiture of ATC division EFCG advised Cardno November 2015	 acquired EFCG initiated and advised FST October 2015	 acquired EFCG advised CEI Architecture August 2015	 acquired EFCG advised David Evans & Associates August 2015	 acquired EFCG advised Greytone November 2016	 acquired EFCG initiated and advised Ramboll December 2014	 acquired EFCG advised Littlejohn on valuation December 2014

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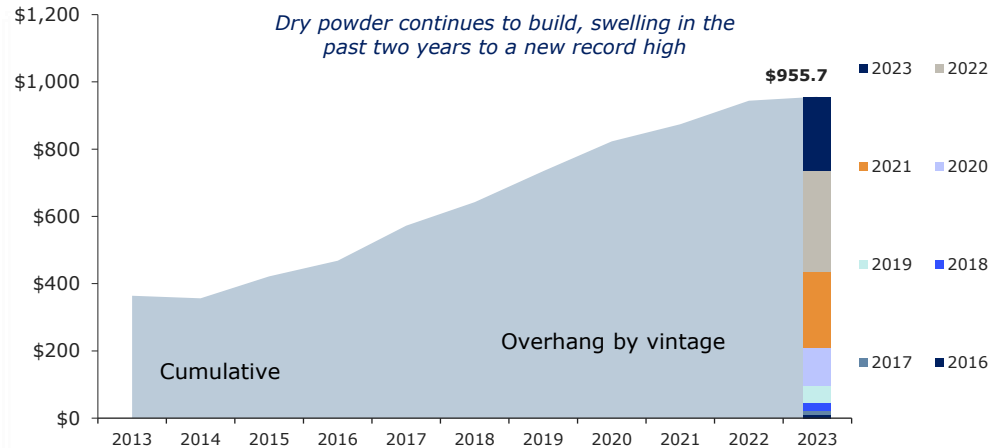
Current Market Environment

Compelling Themes in the Market

- EFCG’s clients garnered significant attention from investors, proving the enduring appeal of businesses with top-quality, differentiated business models, defensible market positions, and resilient revenue
- Demand for engineering services firms is expected to remain robust, supported by strong, secular tailwinds such as aging infrastructure, surging infrastructure funding initiatives, shifting environmental regulations, ever-increasing demand for electricity, and the ongoing energy transition
- Sponsor add-on activity remains equally strong as private equity firms seek to scale more rapidly through geographic and capability expansion
- Engineering services sector remains highly fragmented with many employee-owned firms or partnerships in need of viable transition options
- Publicly traded engineering services firms were trading nearly two turns higher on an EV/EBITDA basis at the end of Q4 2023 vs. the same period last year

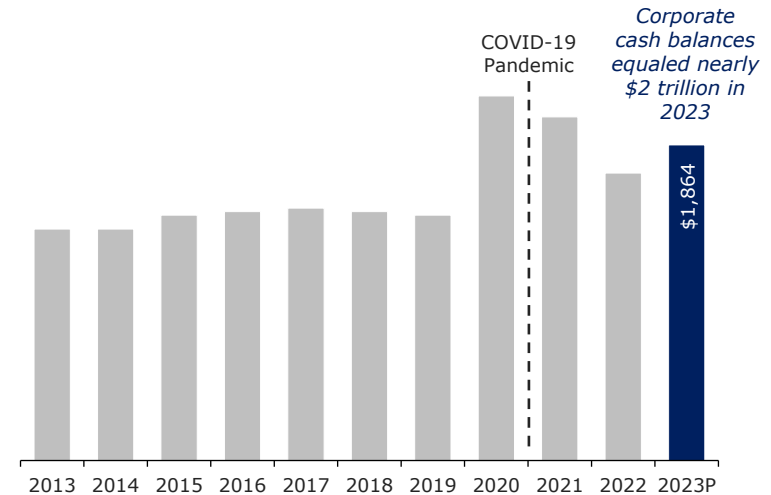
Ample Supply of Private Equity Dry Powder⁽¹⁾

(\$ in billions; as of March 31, 2023)



S&P 500 Corporate Cash Balances⁽²⁾

(\$ in billions)



1. Preqin: U.S. Private Equity Dry Powder by Vintage.
 2. Pitchbook.

Public Companies Optimistic on Industry Outlook in Q3 Commentary

Q3 2023 earnings commentary reflected a robust M&A landscape and a positive outlook for FY 2024.

Key Market Themes & Updates:

- Innovation in technology and implementation of digitized services continues to contribute to big project wins and pipeline generation
- M&A Landscape:
 - Executives across all firms noted the robust nature of the current M&A market
 - As demand for specialized services increases, firms are targeting M&A candidates that widen their breadth of expertise and offerings
 - Although firms are not seeing valuations trend upwards, they are not seeing multiples softening either

Select Q3 Earnings Commentary


"The general sentiment is that the market is very, very robust. We see strong support in water, transportation, and energy and energy transition – there's just an **enormous amount of opportunity** there. There is **nothing we see on the horizon in any of our geographies that we would think would be pointing to a downturn** in overall business for us and truly for our competitors."


"We are feeling a **rapid acceleration of EV-related activity** and growing opportunities...in this year's energy outlook, North America forecast projected that the U.S. and Canada are expected to invest **\$12 trillion in renewables and grid infrastructure by 2050**. We are seeing a similar investment globally."

"We continue to see high levels of activity across aging assets as **owners continually recognize the need to become more efficient**, but in a decarbonized way **using a variety of science and engineering technologies**, including digital and data-enabled tools."

"Our industry is **evolving at a rapid pace with respect to the introduction of technologies** that help us satisfy demand and deliver better solutions in an efficient and timelier manner...we're investing in digital delivery of services and are early adopters of new technology, which provide **disruptive approaches to accelerating growth and enhancing margins over time.**"

 **Stantec** Gord Johnston
President, CEO & Director

 **WSP** Alex L'Heureux
President, CEO & Director

 **KBR** Stuart Bradie
President, CEO & Director

Bowman Gary Bowman
President, CEO & Chairman

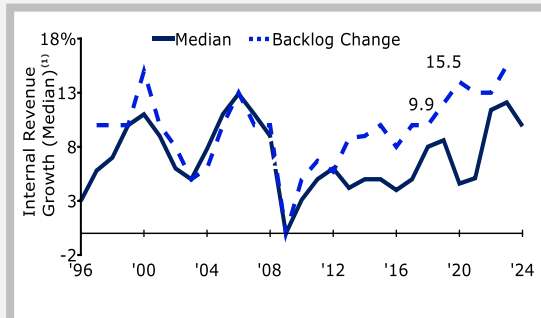
AEC Industry Benefiting from Strong, Secular Tailwinds

Various tailwinds are driving outside capital's increased interest in the AEC sector. Increasing hard backlog, proven recession resilience, and an historic infusion of public funding will all continue to positively impact the industry's outlook.

Immediate Term

Backlog

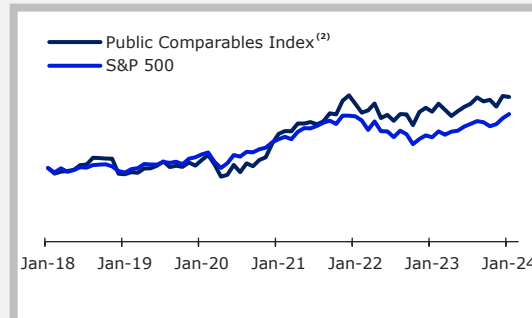
- Post-pandemic, we have seen a significant increase in hard backlog across the industry
- As hard backlog has increased, it is clear that near-term growth in the AEC industry will remain elevated despite a choppy macro backdrop
- Future spend associated with the clean-energy transition should further contribute to increased backlog



1 – 2 Years

Recession Resilience

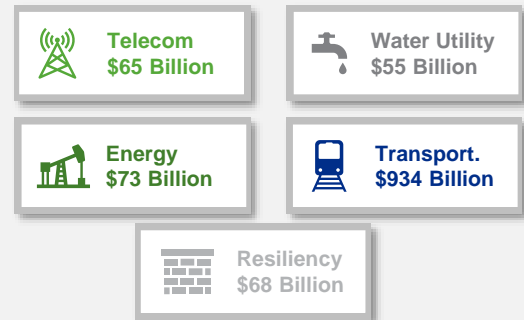
- The AEC industry has outperformed the U.S. GDP in all but four of the last 29 years
- AEC firms benefit from powerful tailwinds, such as the ESG movement, the ongoing energy transition, the infrastructure bill rollout, and the digital transformation
- Select publicly traded engineering services firms have outperformed the broader market over the past two years with the performance gap increasing recently, a reflection of perceived tailwinds in the industry



5+ Years

IIJA

- IIJA's \$1.2T includes \$934B for transportation and \$266B for new investments in other core infrastructure
- The vast majority of the legislation was pre-funded, limiting shutdown and election-cycle risk
- >\$280bn³ has been announced to date
- Most of the funds remain undispersed, extending the tailwind from deployment; pre-funded status means money does not expire
- AEC industry poised to benefit for years to come



1. EFCG Database.

2. CapIQ thru January 2024. Public Comparables Index include Aecom, Arcadis, AtkinsRealis, Bowman Consulting, Fluor, Jacobs, KBR, NV5, Stantec, Tetra Tech, Willdan, Worley, WSP.

3. The White House as of September 7, 2023.

Federal Funding Update

The Bipartisan Infrastructure Investment and Jobs Act is a once-in-a-generation opportunity for the U.S. infrastructure industry, with many already speculating about the timing of “Version Two”:



Marking Two Years of the IIJA

- To date, the Biden-Harris Administration has announced nearly **\$400bn in IIJA funding**, including over 40,000 specific projects and awards, across over 4,500 communities in all 50 states, D.C the territories, and for Tribes
- Has helped drive over **\$614bn in private sector investments** in manufacturing and clean energy. There have been major new private sector manufacturing announcements in electric vehicle (EV) charging, EV batteries, rail, buses, and fiberoptic cable manufacturing spurred by Federal infrastructure investments



What We are Hearing

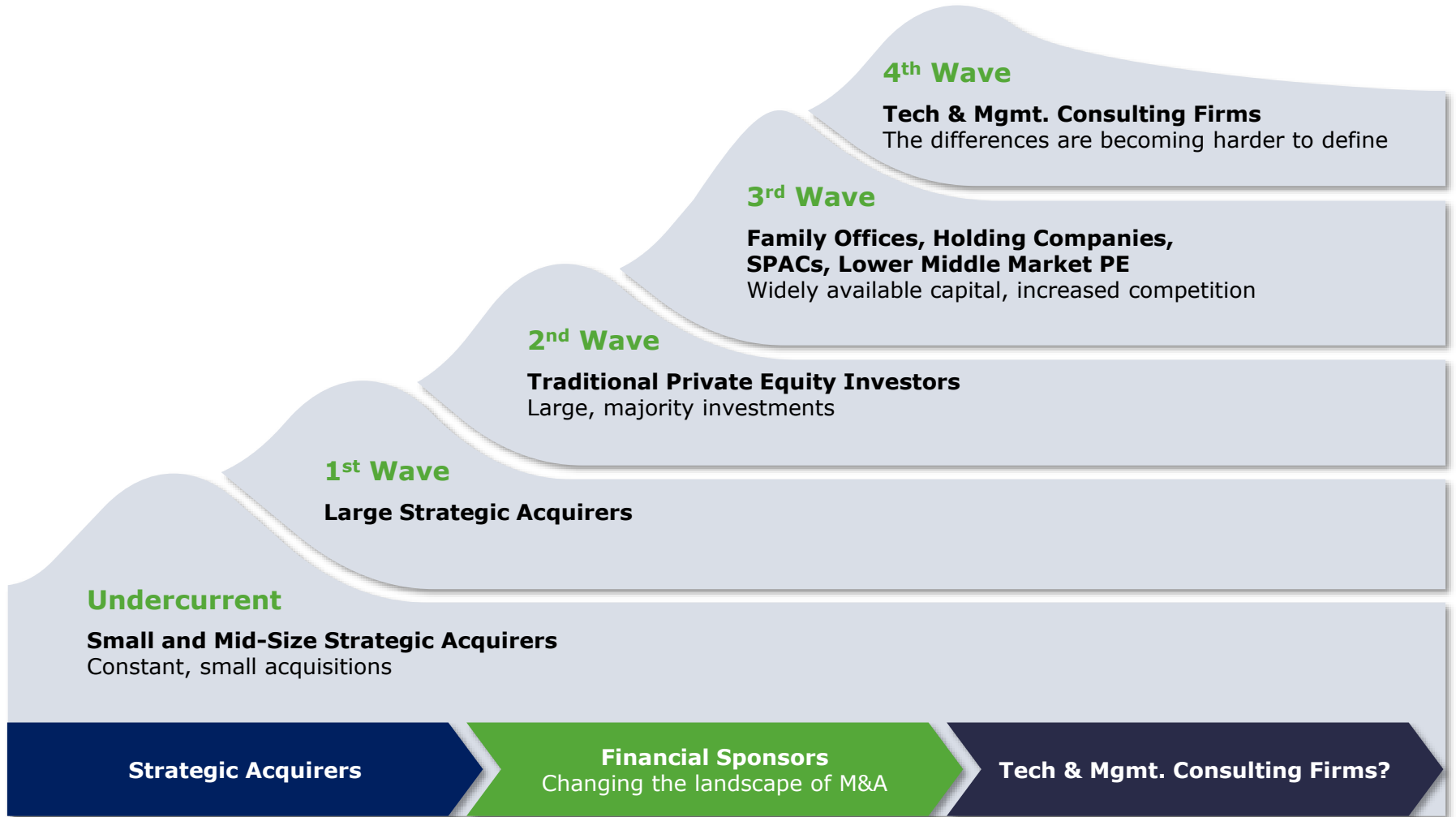
- AEC clients just beginning to see benefit of funding; AEC firms themselves not expected to see materials benefit for another ~2+ years
- Competitive grants receiving significantly more applicants than anticipated, highlighting demand for funding and driving speculation around the necessity of a Version 2.0



Latest Developments

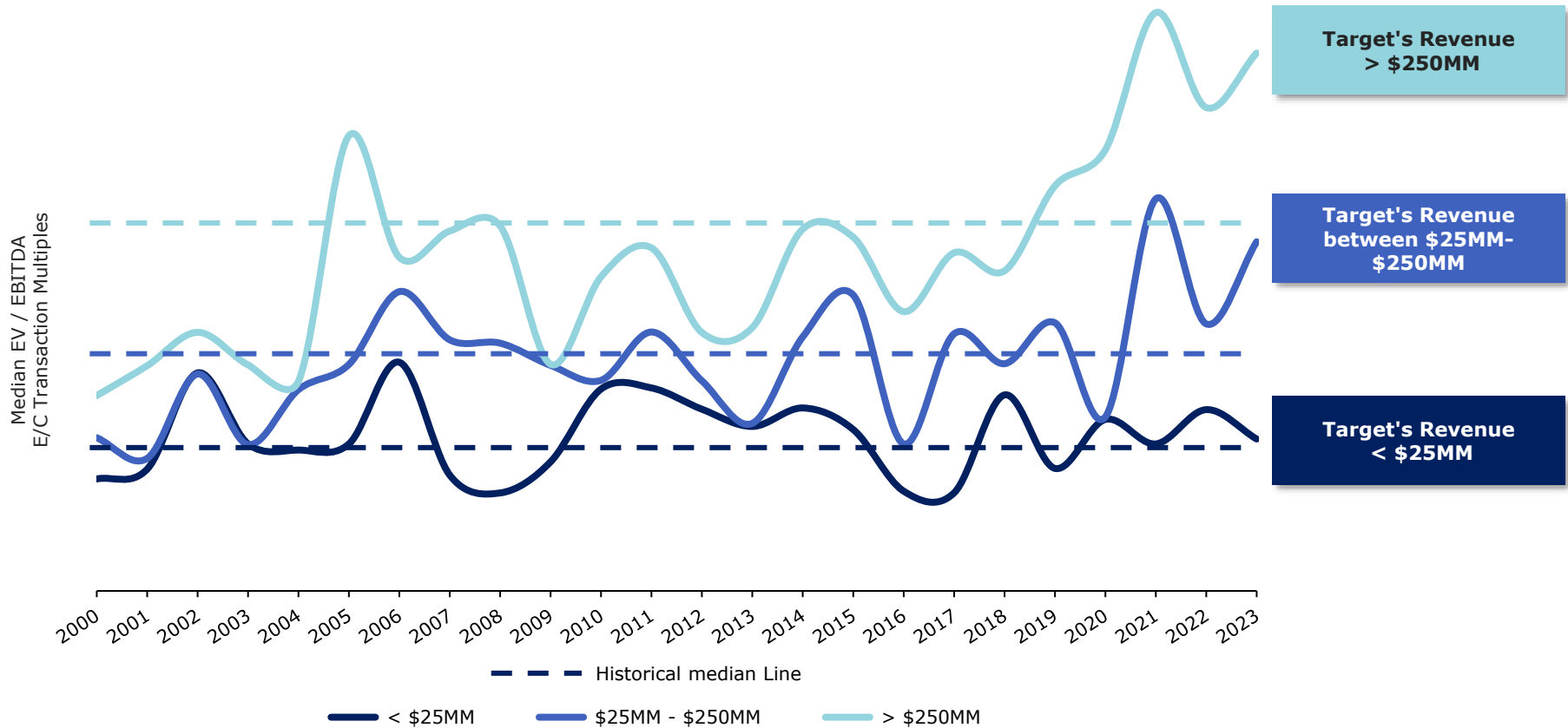
- Fifth National Climate Assessment released November 14th, 2023, finds that the planet is likely to heat up ~4.5-7.2 degrees Fahrenheit compared to pre-industrial times — outpacing goals of the U.S. and international community
- In conjunction with the release of the Climate Assessment, the administration announced additional funding to increase the country’s resilience:
 - DOE \$3.9bn for strengthening the electric grid
 - EPA \$2.0bn in grants aimed at deploying carbon-free energy
 - Interior Department \$50M toward water resource reliability in Western states, and \$50M toward funding for water conservation and hydropower upgrades

Waves of Acquirers Shape the AEC Industry



M&A Valuations Remain Above Historical Medians

M&A multiples are highly correlated with the target's gross revenue. Multiples for large/mid-size firms are recovering from the dip in 2022, while multiples for small-size firms are at its historical median.



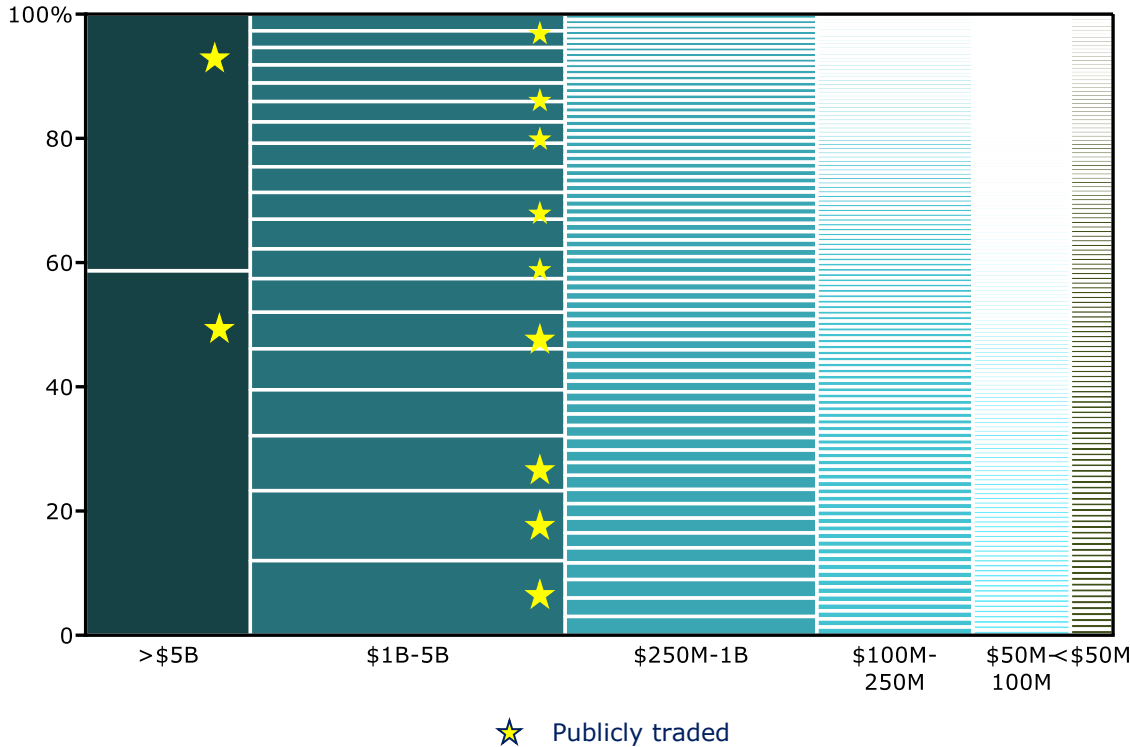
To access the unredacted version of this chart, please contact:

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 clim@efcg.com

Market Landscape: Impact on Decision Making

The proliferation of AEC firms with >\$250M in revenue helps drive premium multiples for more established firms.

ENR 2023 Top 500 Design Firms by Revenue US\$B



Scarcity

- Scarcity drives the increased multiple paid for companies in the AEC space >\$250M in revenue – while there are hundreds of smaller firms, the number of firms with sizable revenues and proven track records is substantially smaller

Size Matters / Exit Options

- As firms reach >\$1B in revenues, ownership transition options decrease as it becomes significantly more expensive to execute change of control
- IPO option available as buyer universe shrinks
- 11 of the 21 firms >\$1B above are publicly traded

Creates an “exit sweet spot”, the size at which a more expanded universe of buyers and options remain on the table

Consolidation: So What?

- Despite hundreds of M&A transactions in the industry each year, there has been consistent replenishment of firms <\$50M in revenue as new firms launch and scale
- Relatively low barriers to entry reinforce acquirers’ focus on the quality of earnings, diversification of clients, and leads to the premiums paid for firms of size

Contact Us

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