



# **2025 CFO Conference**

## **2025 AEC Industry Overview**

Rebecca Zofnass  
EFCG Managing Partner  
Strategy and Corporate Finance

**Thursday, April 10, 2025**



# Today's Presenter: Rebecca Zofnass



**Rebecca Zofnass**  
Managing Partner  
Strategy & Corporate Finance



## 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**

# Agenda

## 01 Welcome & Overview

## 02 Update on Key Industry Metrics

## 03 Looking Ahead: Industry Trends

- Industry Outlook
- Talent Retention
- Productivity & Pricing
- Return on Investment
- Mergers & Acquisitions
- Emerging Business Models
- Recession Resiliency

## 04 Key Takeaways



- Firms closed 2024 strong, with the highest median profit on record, coupled with strong growth rates. These numbers are expected to hold steady in 2025, and only a slight slowdown in growth in 2026.
- Even with high organic growth, firms are looking to make acquisitions to supplement talent constraints, gain niche capabilities, and evolve business models.
- 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, and taking on fixed price work).
- Financial resiliency will become increasingly important in light of potential recession risk and changing funding landscapes – how quickly can you adapt?

## Key Priorities

- Improving Profit Margins
- Financing and Driving Growth
- Integrating Acquisitions and Identifying M&A Opportunities
- Technology and AI Integration
- Utilizing Data for Forecasting and Reporting
- Implementing ERP Systems
- Leadership Transition
- Strategic Planning

## Key Concerns

- Economic Uncertainty and Downturn
- Impacts of the New Administration
- Changes in Government Funding/Regulation
- Attracting and Retaining Talent
- Interest Rates and Inflation
- Labor Costs and Utilization
- Cyber Security and Utilizing Technology
- Cash Flow Management

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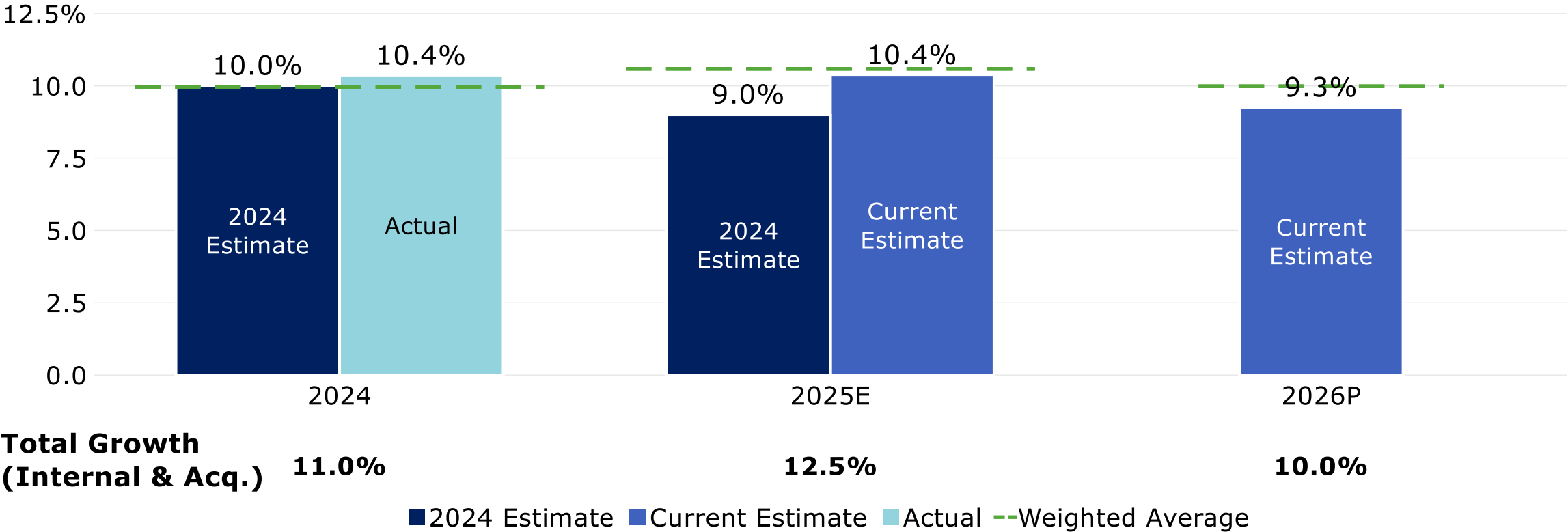


# Current Internal Growth Estimates



2024 growth slightly exceeded previous estimates at 10.4%. 2025 estimates have increased since the fall and now are expected to remain at 2024 levels, while 2026 projections are 9.3%.

Internal Net Revenue Growth (Median)

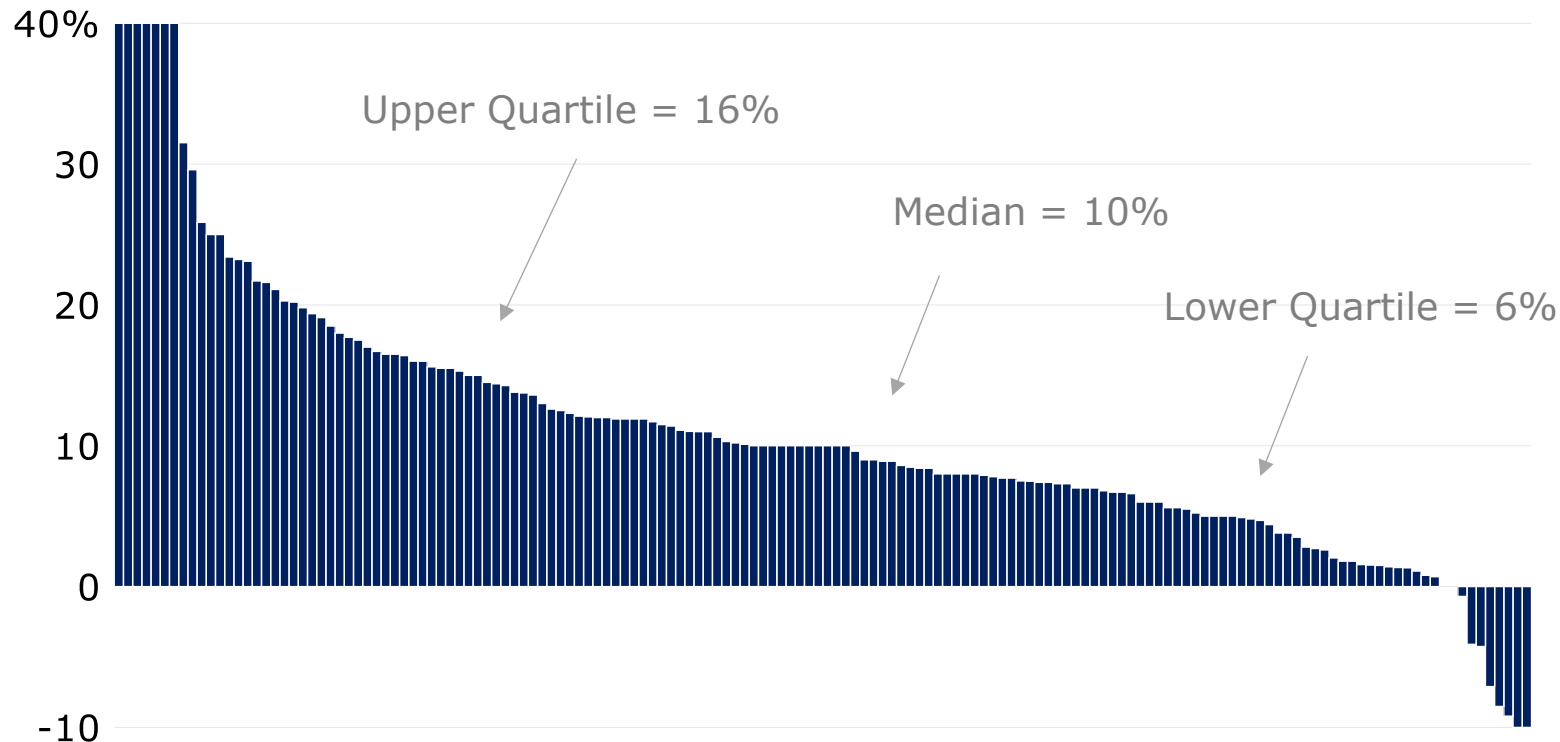


Source: 2024 EFCG CEO Survey; 2025 EFCG CFO Survey

# Internal Growth Distribution & Trends

Individual firm growth in 2024 varied significantly (from -10% to 40%+), although we see some trends around how firm type / focus impact growth.

Internal Revenue Growth (2024)



Firms with the highest organic / internal growth for 2024 include:

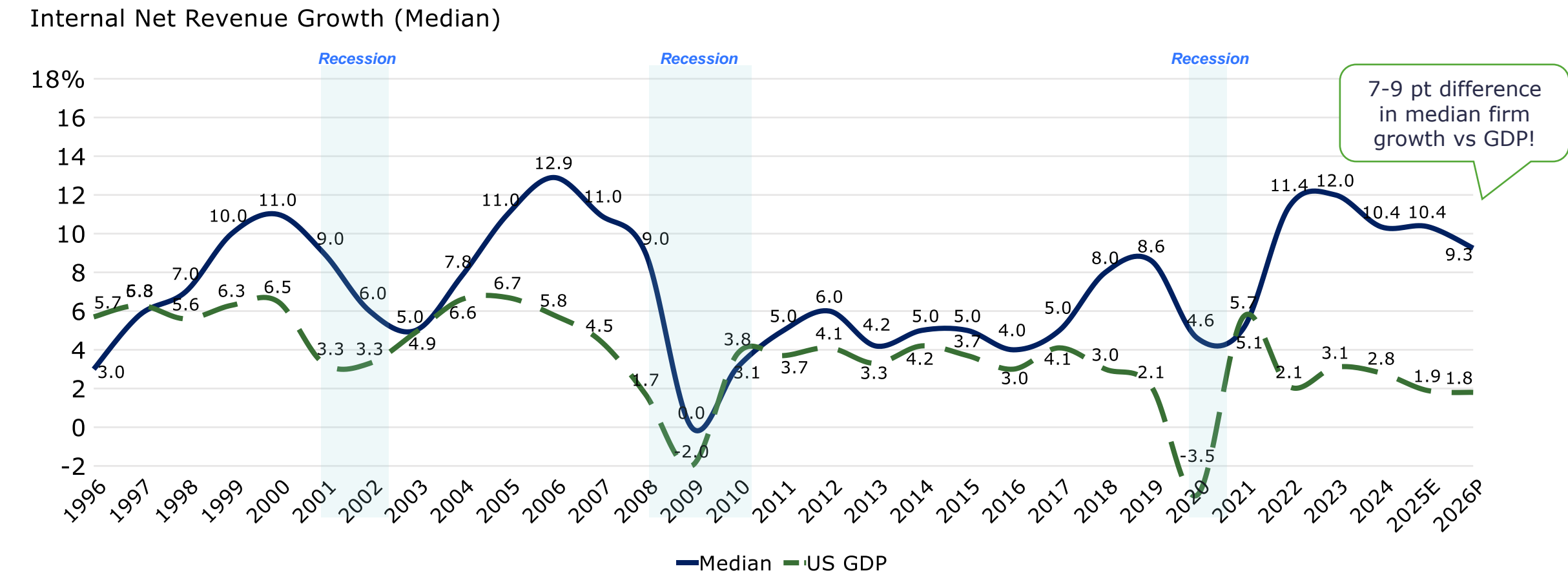
- Firms focused on Transportation, Power, and Water/Wastewater
- Firms that are ESOPs
- Firms focused on US State/Municipal clients

Source: 2024 EFCG CEO Survey

# Historical Internal Growth Trends vs US GDP



Our industry continues to outperform the US GDP. 2022-2026P represent one of the largest gaps between industry growth and US GDP that we've seen – as US GDP is projected to slightly decline, will the AEC industry see the effect of the current economic environment?



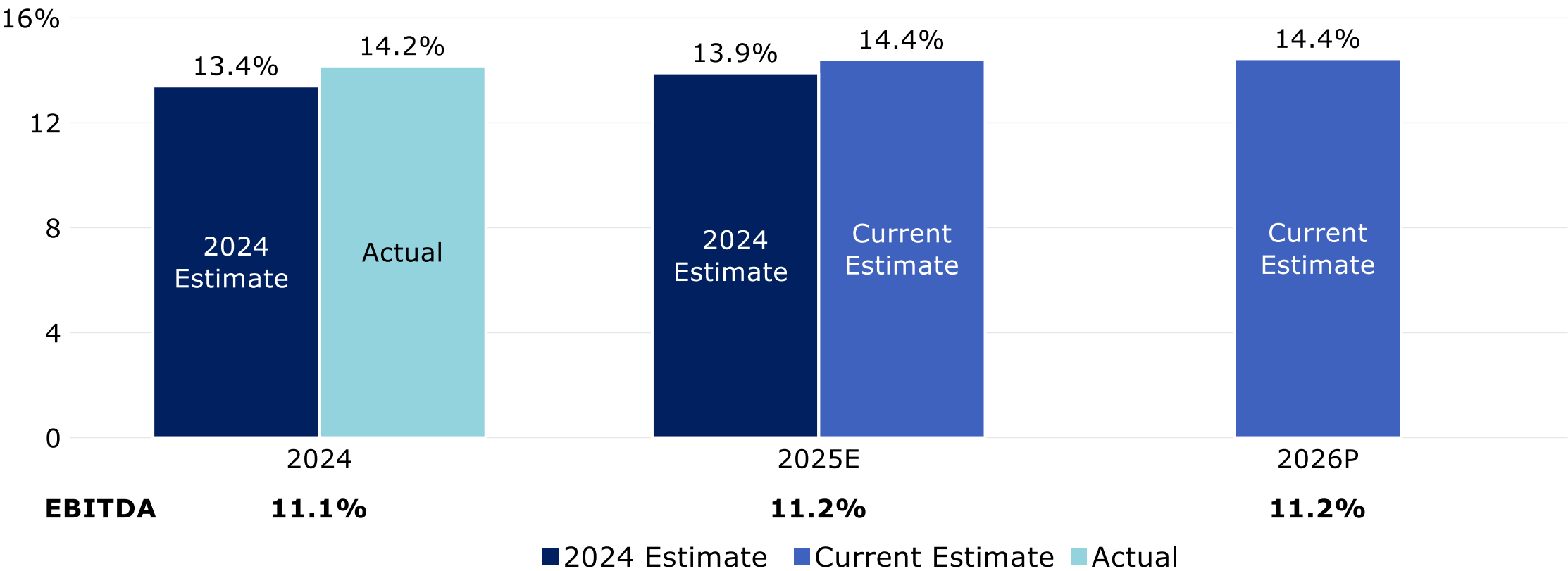
Source: 1996-2024 EFCG CEO Survey; 2025 EFCG CFO Survey

# Current Profitability Estimates



Profit for 2024 came in slightly higher than the fall estimates, and current estimates indicate consistent profitability this year and next, with an expected EBIBT of 14.4% and EBITDA of 11.2%.

Profit (EBIBT / Net Revenues, Median)

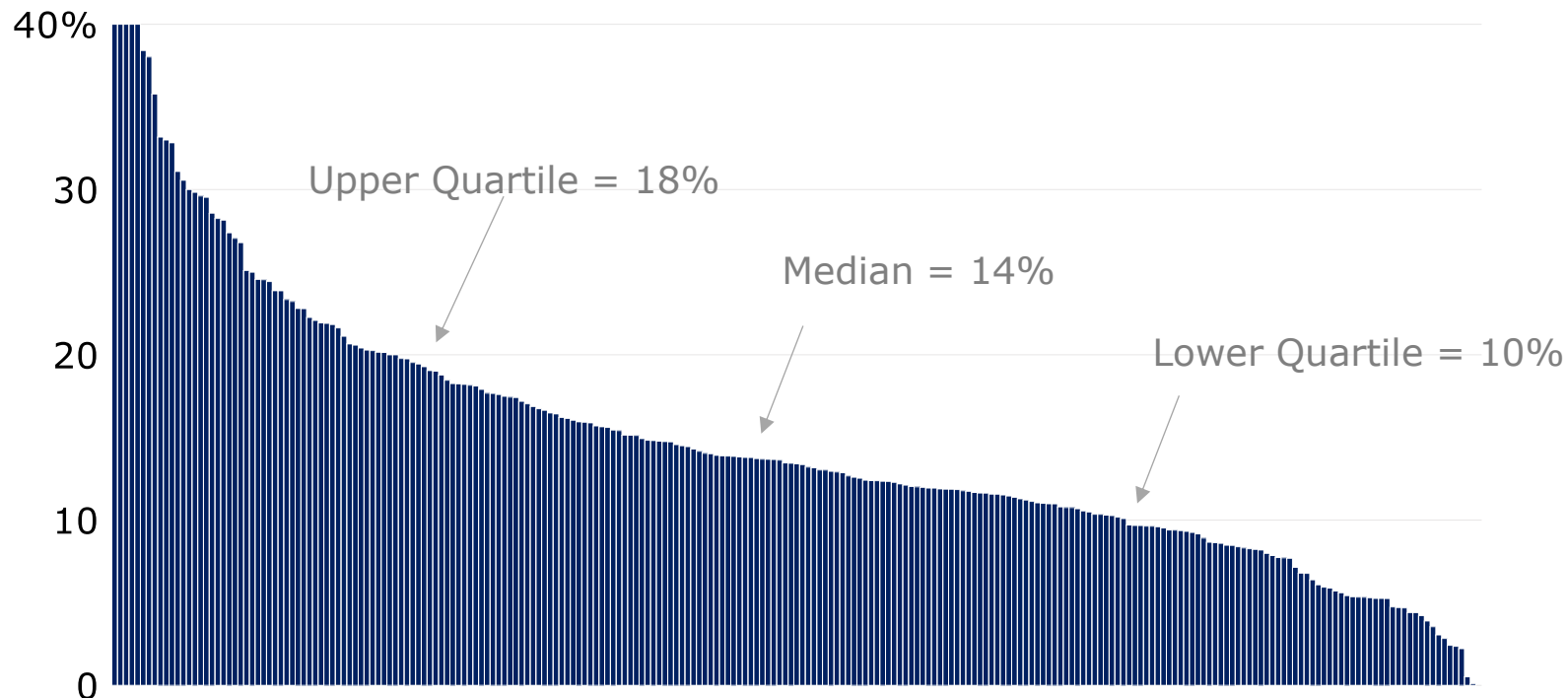


Source: 2024 EFCG CEO Survey; 2025 EFCG CFO Survey

# Profitability Distribution & Trends

Individual firm profitability ranged from 0% profit margins to over 40% in 2024; like growth, firm characteristics drove some of the differences in profitability.

Profitability (EBIBT / Net Revenue, 2024)



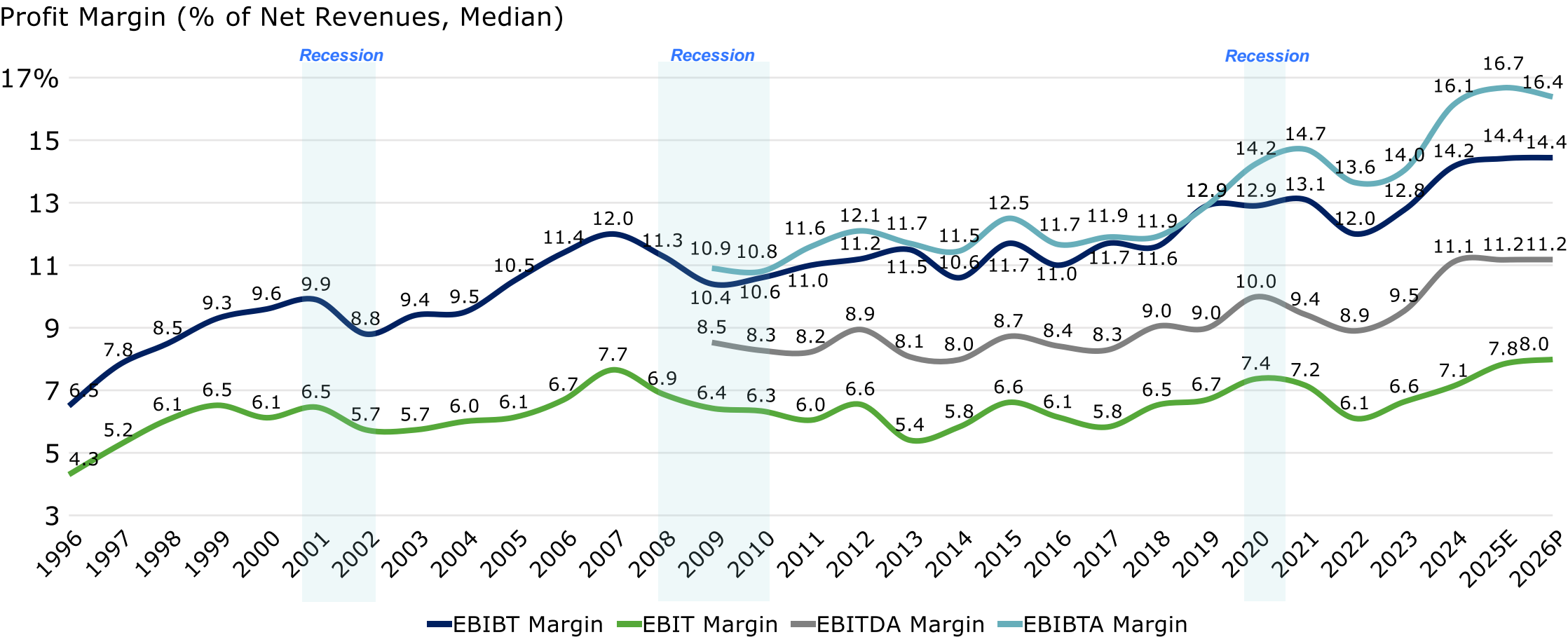
Source: 2024 EFCG CEO Survey

Firms with the highest profitability (EBIBT) in 2024 include:

- Smaller firms (particularly firms <\$100M in Revenues)
- Firms that are Employee-Owned
- Firms focused on Power and Water/Wastewater

# Historical Profitability Trends

All key profitability metrics (EBIT, EBITDA, EBITA) have seen a recovery from the 2022 “post-pandemic dip,” and now are projected to stay relatively even. Have we reached a plateau... or a ceiling?

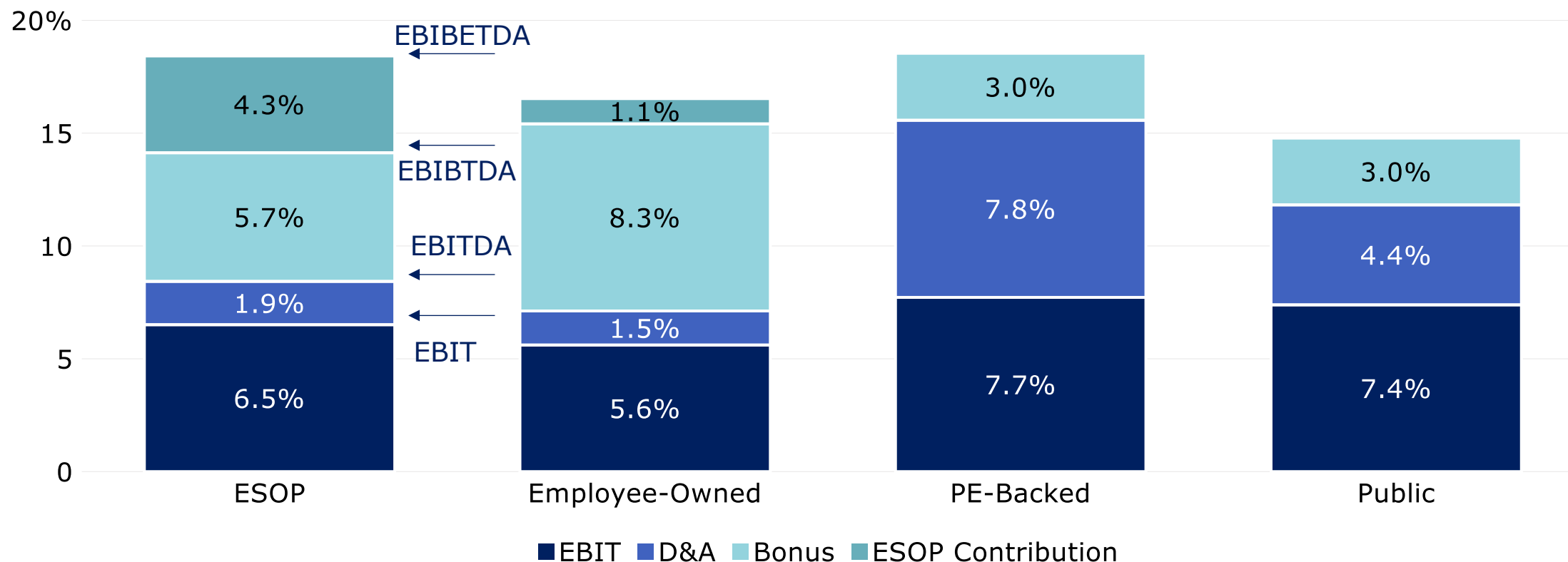


Source: 1996-2024 EFCG CEO Survey; 2025 CFO Survey

# 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, Median)



Source: 2025 EFCG CFO Survey

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**04** Key Takeaways



# Industry Outlook

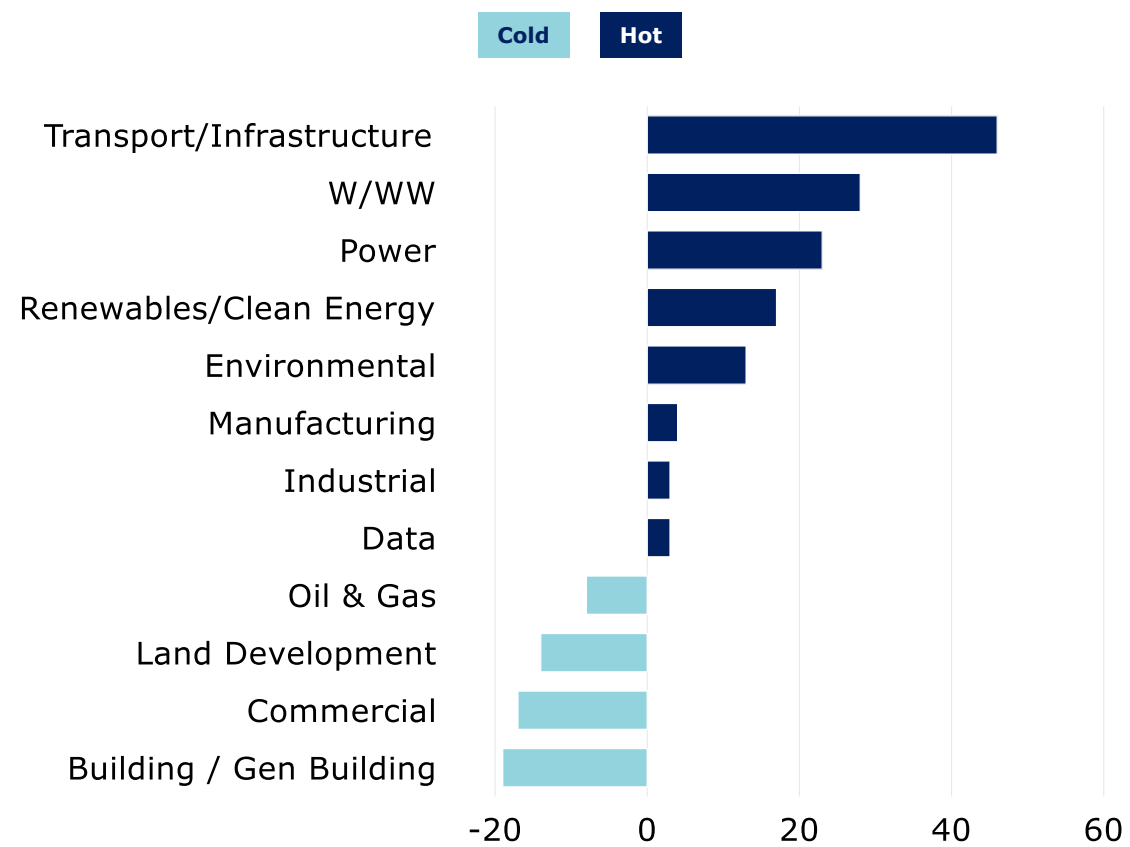


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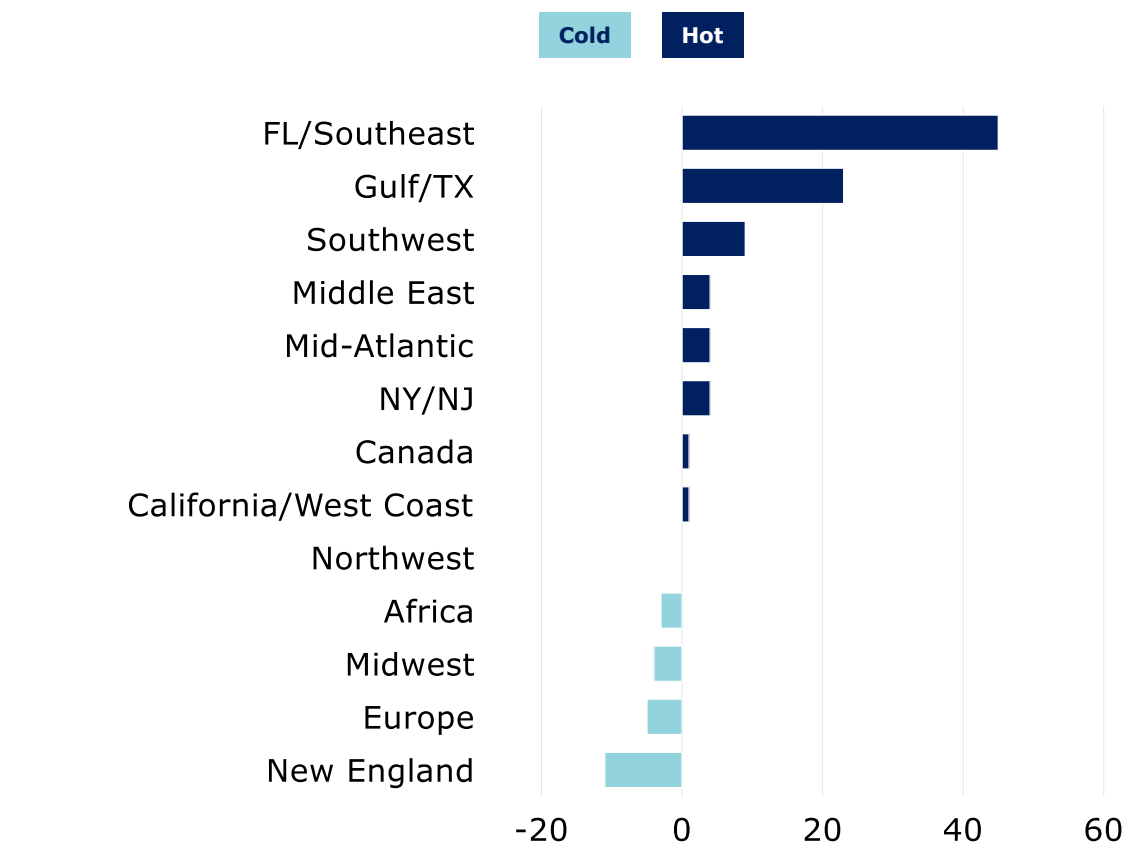
**Markets:** Transportation, Water, and Power are hottest; Building and Commercial are expected coldest.

**Geographies:** FL / Southeast US and TX / Gulf are hottest; Europe and New England are expected coldest.

Markets



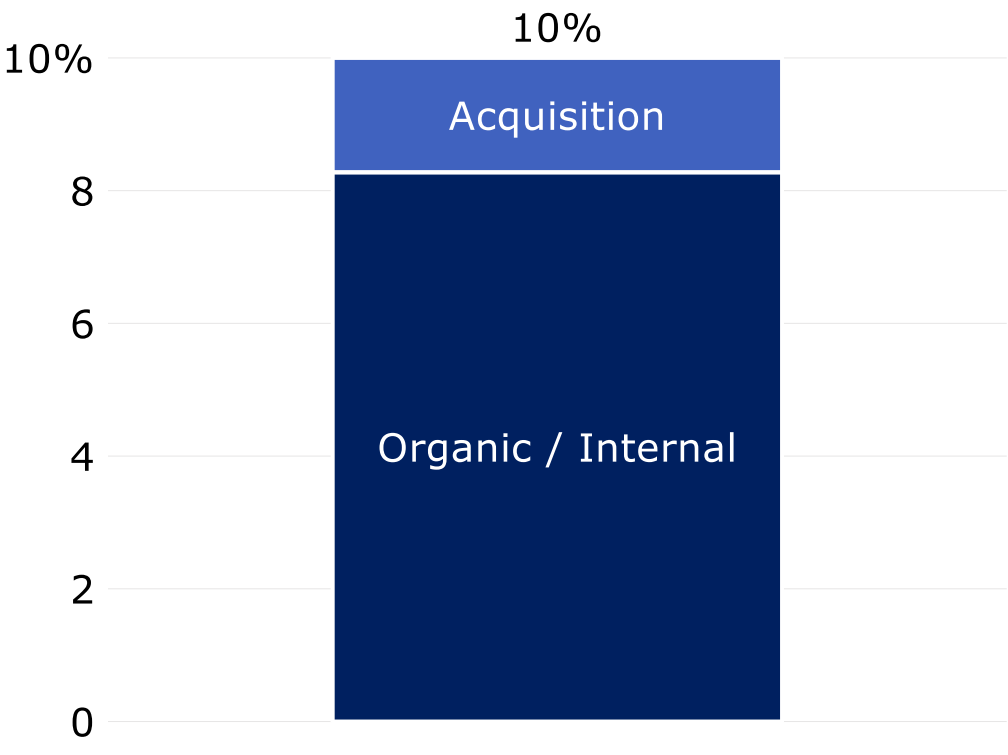
Geographies



Source: 2024 EFCG CEO Survey

# Firms Project 10% Annual Growth Over the Next Five Years

Annual Growth Projections  
(Next 5 Years)



What does this mean for the number of new hires our industry will need?

In this room alone, requires another **40,000** employees next year!

Talent shortage expected to continue, which explains why 80% of firms say talent is the biggest constraint to growth!

Source: 2025 EFCG CFO Survey

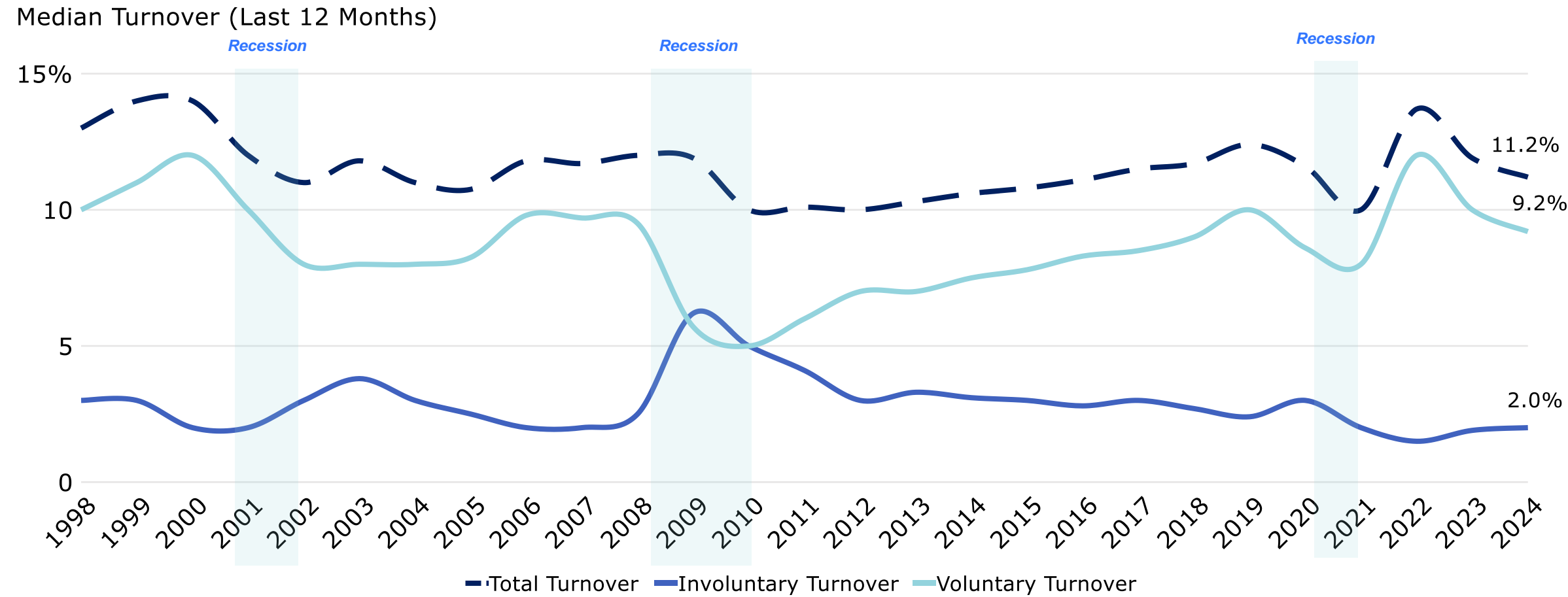
# Talent Retention



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# Retaining Employees Continues to be a Challenge

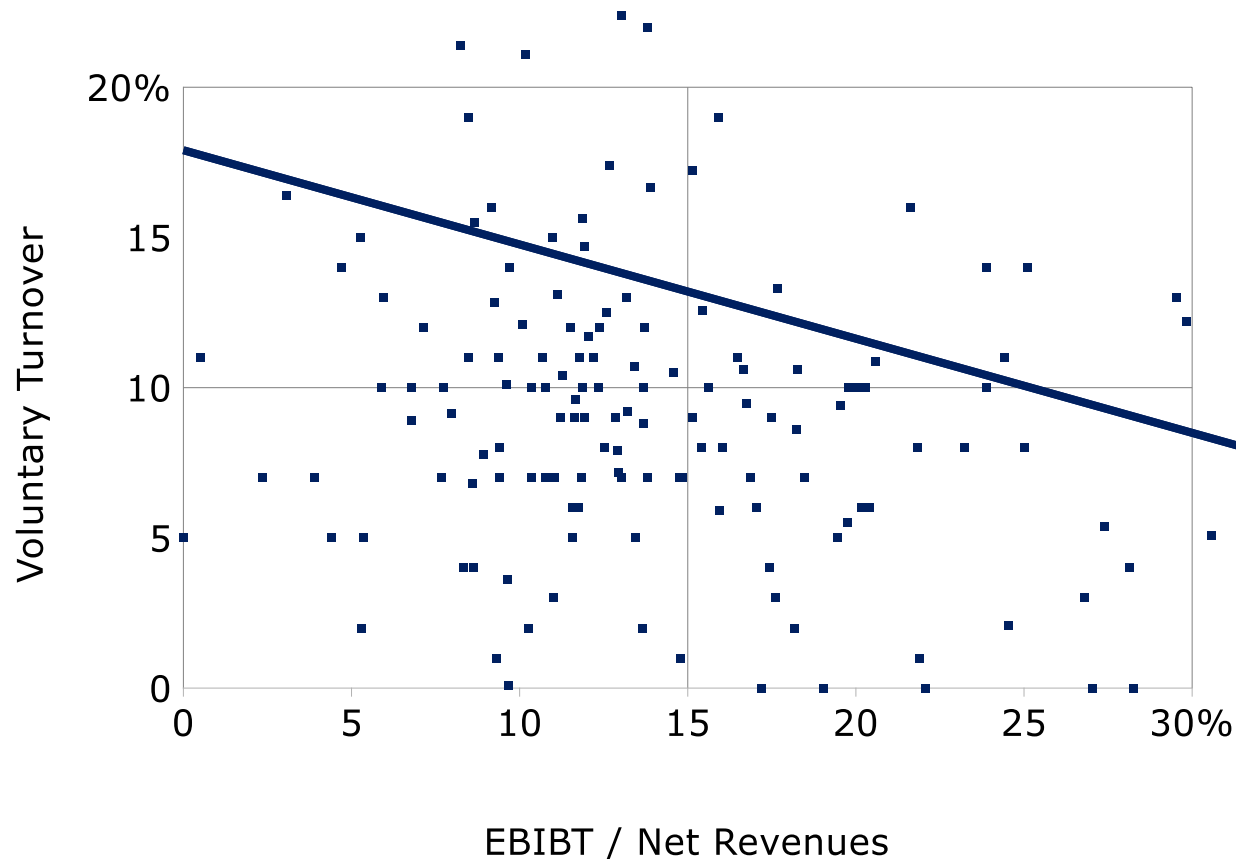
Voluntary turnover remains high at 9%. While rates have decreased since the 2022 peak, turnover is still higher than most of the 2010-2020 period.



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

# Does Focusing on Profit Lead to Higher Turnover?

## Higher Earnings Correlated with Lower Turnover



Source: 2024 EFCG CEO Survey

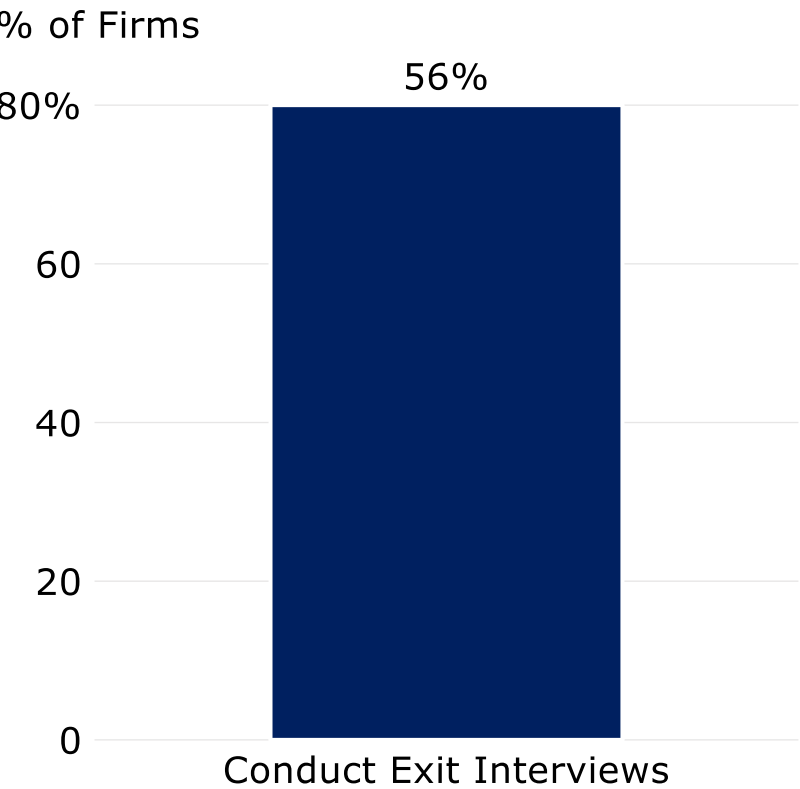
## Which Drives Which?

- Does lower turnover lead to higher profit? Or does higher profit lead to lower turnover?
- Probably both!
  - On average, turnover costs \$100-150K per person
  - Higher profit enables a firm to pay out more in bonuses (an effective retention tool)

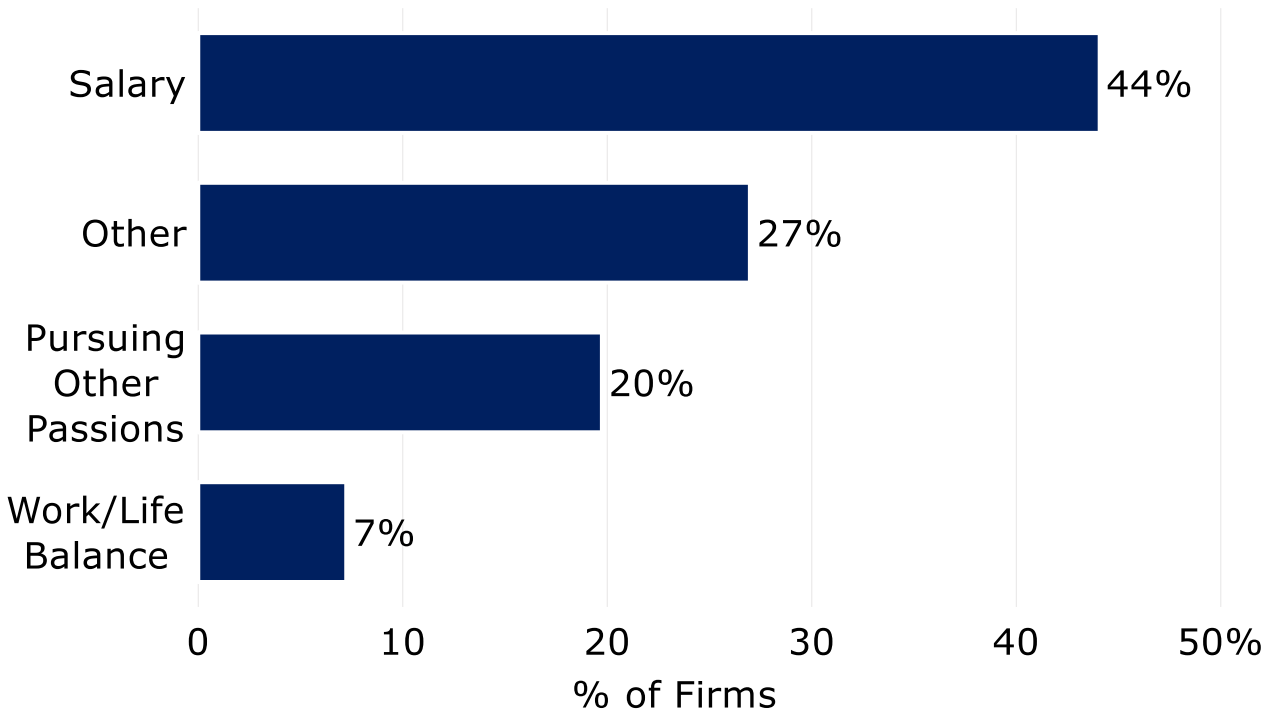
# Why do Employees Leave?

56% of firms conduct exit interviews, and the most common reason employees give is compensation.

## Conduct Exit Interviews?



## Primary Reason Given For Leaving



Source: 2024 EFCG CEO Survey

What Levers Can You Pull to Retain Employees?



Although compensation matters, most rising leaders report that they *stay* at their current firm because of the growth opportunities available and the company culture, followed by their peers and firm leadership.



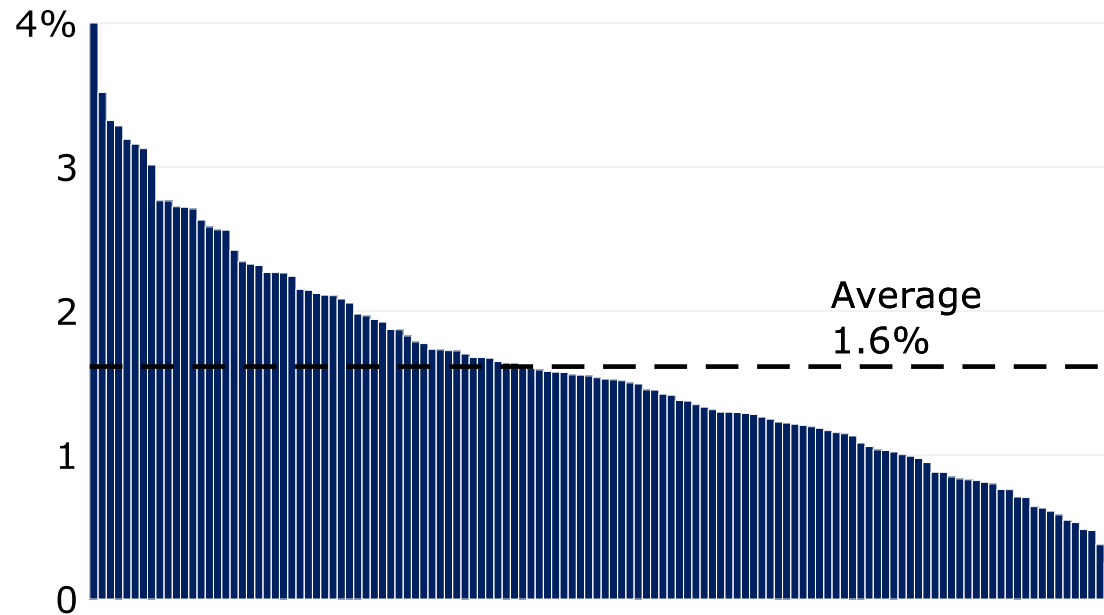
Source: 2024 EFCG Rising Leaders Conference

# Overhead Costs – HR Deep Dive

Average spend on HR shared services is ~1.6%, but individual firms range from <1% to 4%+. An additional 1% of revenues is time “spent” on professional development & training by billable employees.

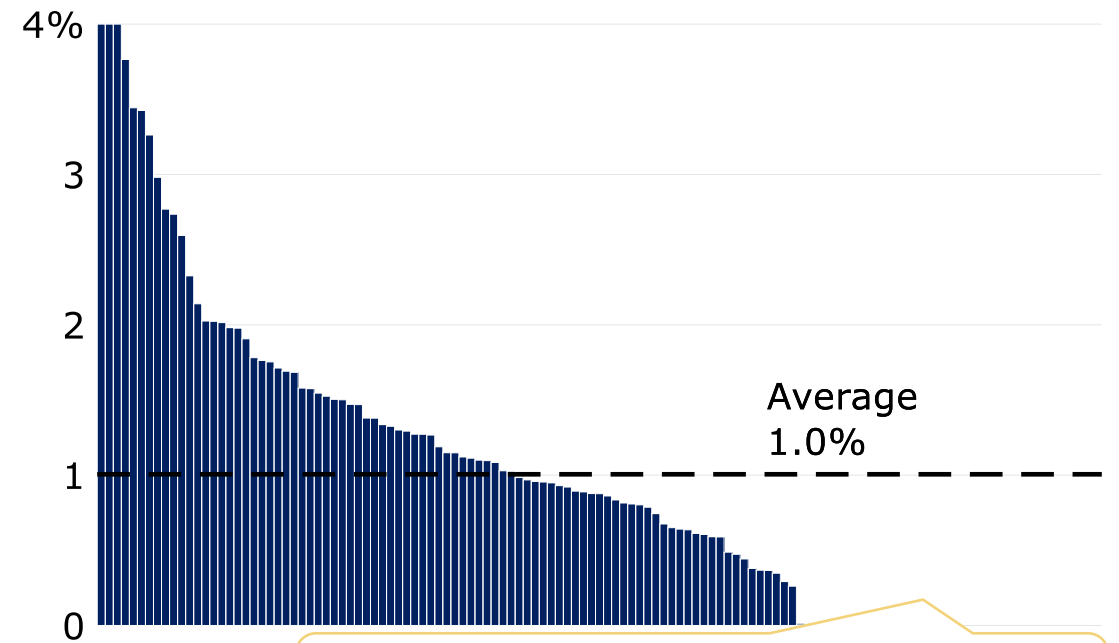
## HR Team & HR Non-Labor

Total HR Costs (% of Net Revenues, 2024)



## Professional Development (Non-Billable Time)

Prof. Dev & Training (% of Net Revenues, 2024)



~30% of firms don't track / can't easily calculate this number – can you?

Source: 2025 EFCG CFO Survey

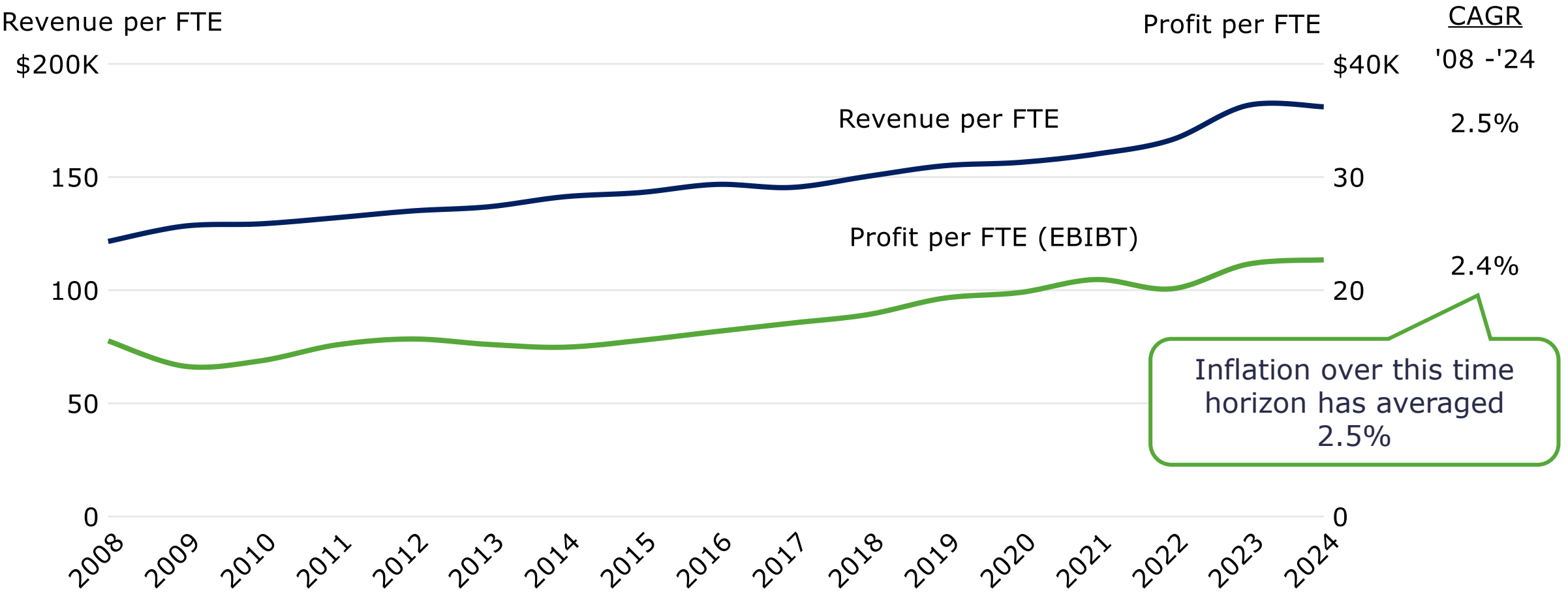
# Productivity & Pricing



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# Why Haven't Productivity Gains Outpaced Inflation?

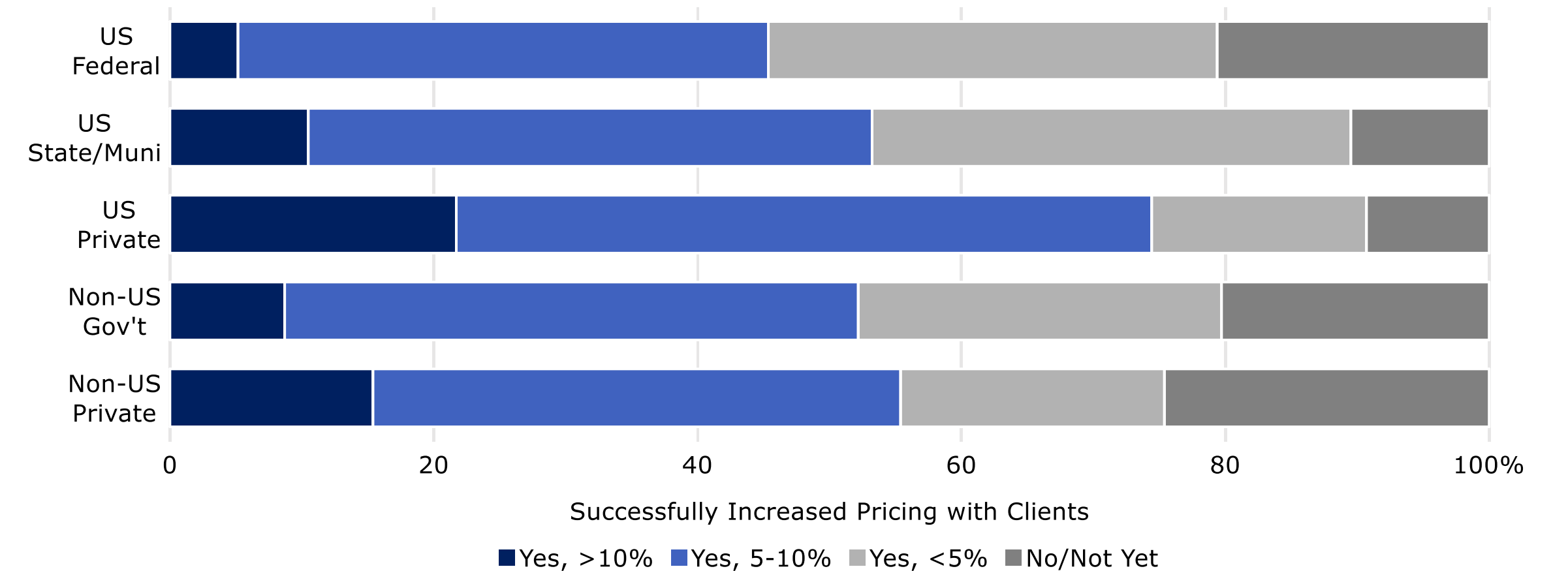
Revenue and profit per FTE are barely keeping pace with inflation. Are all the investments in efficiency & technology not driving returns? Or does our industry have a **pricing** problem?



Source: 1998-2024 EFCG CEO Survey

# Most Firms Report Moderate Pricing Increases

Most firms report successfully increasing pricing with clients in general (especially private clients), however half of firms haven't increased pricing *faster* than average salary increases.

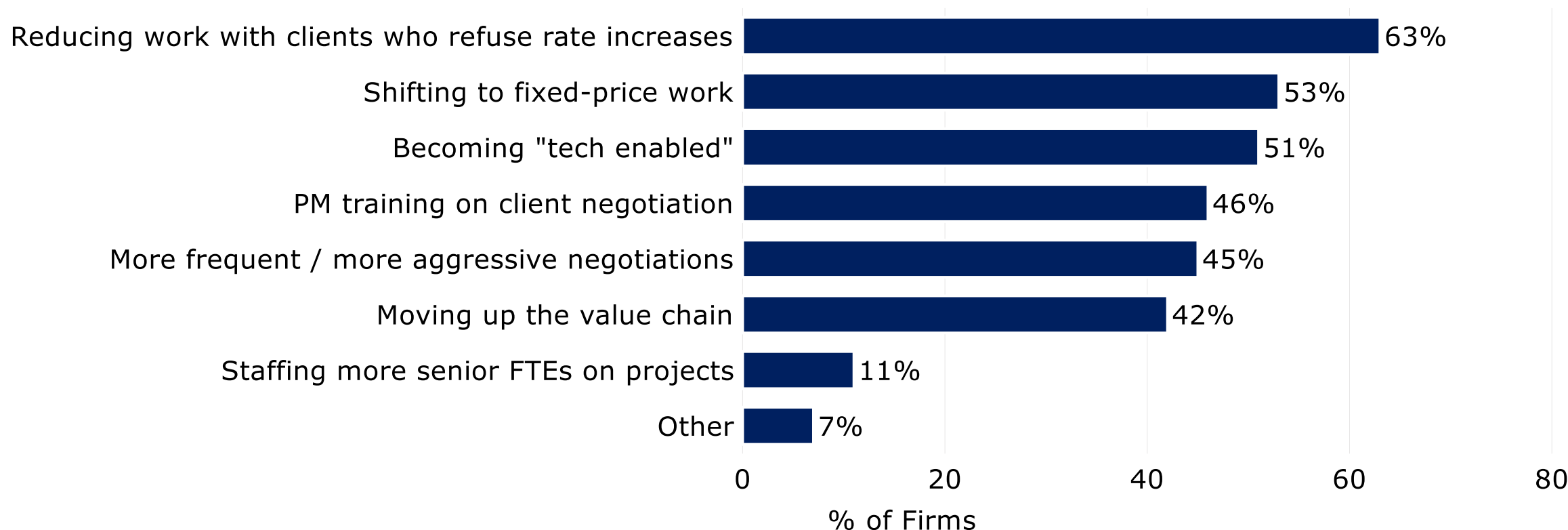


Source: 2024 EFCG CEO Survey

# Approaches to Increase Pricing & Billing Rates

Most firms are looking at a combination of levers to increase billing rates, with the most common approach being to reduce work with clients who do not accept price increases.

## What Are You Doing to Increase Pricing?



Source: 2024 EFCG CEO Conference

# **What are the biggest challenges your firm is facing to increase pricing?**

To vote, click on the “Main Session Live Polling” button in the EFCG Conference Portal. You can also use the code on the next slide.

All responses are anonymous!

# An Argument for Calculating Fully Loaded Profitability

- Most AEC firms track profitability by client and project, however overhead costs are often spread evenly across clients / projects (or based solely on revenue)
  - Only a handful of firms look at “fully loaded profitability”, which allocates overhead costs based on cost *drivers*
  - This enables firms to more accurately price projects based (as well as make decisions around which clients / projects to pursue)
- Examples of cost drivers:
  - *Business development* -> time spent on proposals and winning work for that client / project (e.g. hours involved in writing the proposal, proposal iterations with the client, etc.)
  - *Accounting* -> complexity of project accounting (e.g. single invoice versus multiple, cadence of invoicing, # of follow-ups required to collect revenues, payment terms, etc.)
  - *Recruiting* -> how much do employees like working with that client / on that project?
  - *Occupancy* -> are employees in the office or on-site at the client?
  - *IT* -> does the client / project require specific cybersecurity considerations? Does it require specific software?
- Every time this analysis is conducted, certain projects or clients turn out to be unprofitable

# Mergers & Acquisitions



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## Recent M&A Transactions

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



## Key Trends

- 50% of firms expect to make an acquisition this year.
- The top M&A end markets in Q1 2025 were architecture, environmental, and surveying & mapping.
- Florida, California, Texas, and Canada remain key regions for M&A activity.
- PE platform investments and PE-backed deals accounted for 45% of total deals in Q1 2025
  - 8% of platform investments were minority stakes
- Geopolitical and market uncertainties have led investors to adopt a “wait-and-see” approach, keeping M&A activity on par with Q1 2024 levels.
- Acquisitions of smaller firms (<50 FTEs) are rising across the board, including large firms seeking specialized capabilities (versus acquiring scale)
  - What impact does this have on achieving synergies? Will it ultimately influence pricing?

Source: 2025 EFCG CFO Survey; EFCG M&A Database; EFCG Analysis

# “Frequent Acquirers” Continue to Shape Our Industry

## Most Acquisitive Firms by Deal Count (2022 – YTD 2025)

|   |   |   |   |  |
|---|---|---|---|--|
| <i>Public</i><br><br><b>Deals Closed: 27</b>     | <i>Public</i><br><br><b>Deals Closed: 24</b>         | <i>Employee-Owned</i><br><br><b>Deals Closed: 23</b>   | <i>Employee-Owned</i><br><br><b>Deals Closed: 21</b> | <i>PE-Backed</i><br><br><b>Deals Closed: 21</b>   |
| <i>PE-Backed</i><br><br><b>Deals Closed: 20</b>  | <i>Employee-Owned</i><br><br><b>Deals Closed: 19</b> | <i>PE-Backed</i><br><br><b>Deals Closed: 16</b>        | <i>Public</i><br><br><b>Deals Closed: 16</b>         | <i>Public</i><br><br><b>Deals Closed: 16</b>      |
| <i>PE-Backed</i><br><br><b>Deals Closed: 15</b> | <i>PE-Backed</i><br><br><b>Deals Closed: 15</b>    | <i>Employee-Owned</i><br><br><b>Deals Closed: 14</b> | <i>PE-Backed</i><br><br><b>Deals Closed: 13</b>    | <i>PE-Backed</i><br><br><b>Deals Closed: 11</b> |

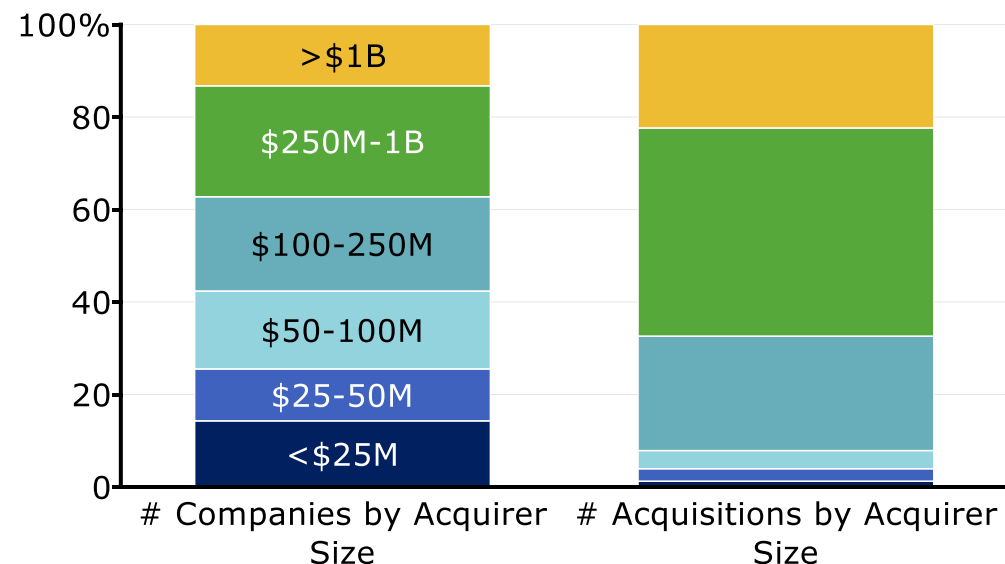
Source: EFCG Analysis; Pitchbook

Note: Structure represents majority ownership type

# Acquisition Activity Differs By Acquirer Size and Structure

## Transactions by Firm Size

Firms and Acquisitions by Size

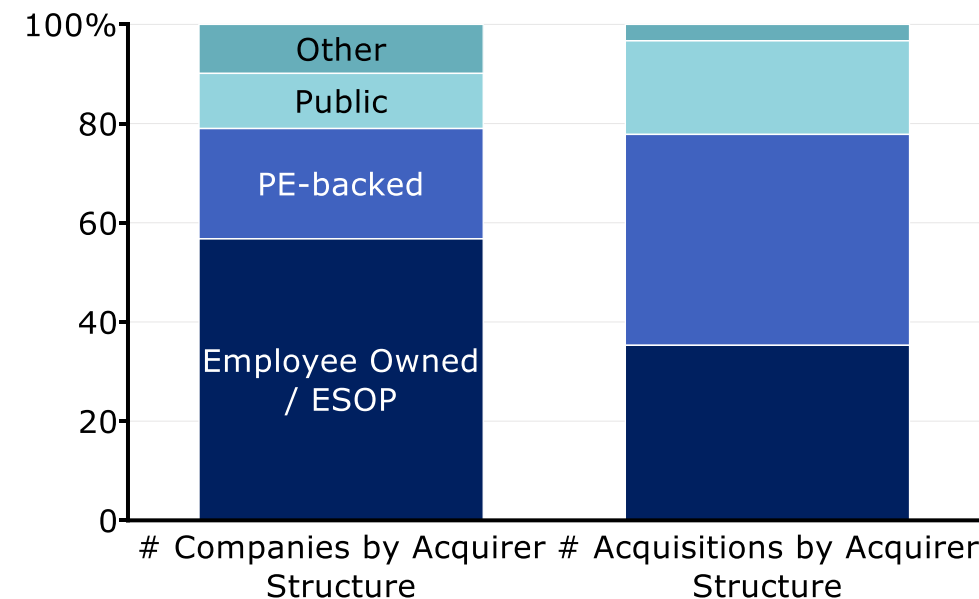


Firms \$100-250M in Revenues represent 20% of firms and **30% of transactions**

Firms \$250M-\$1B in Revenues represent 25% of firms and **45% of transactions**

## Transactions by Firm Structure

Firms and Acquisitions by Structure



PE-backed firms represent 20% of firms, and **40% of transactions**

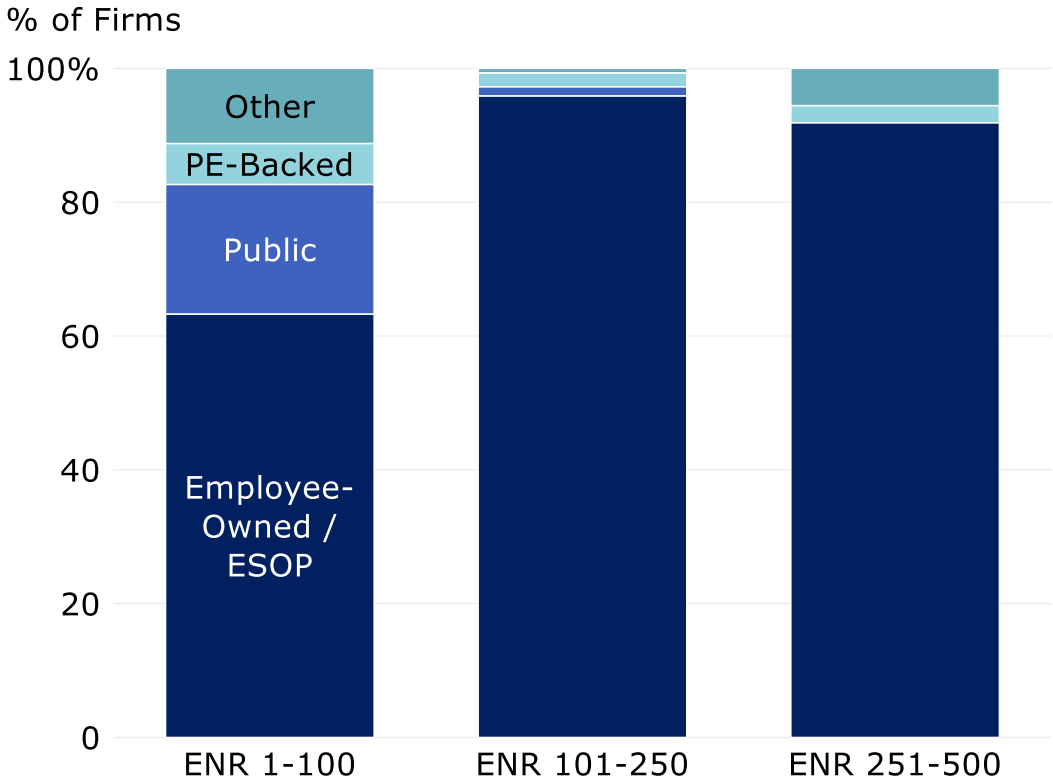
Publicly traded firms represent 10% of firms and **20% of transactions**

Source: 2024 EFCG CEO Survey; EFCG M&A Database; EFCG Analysis

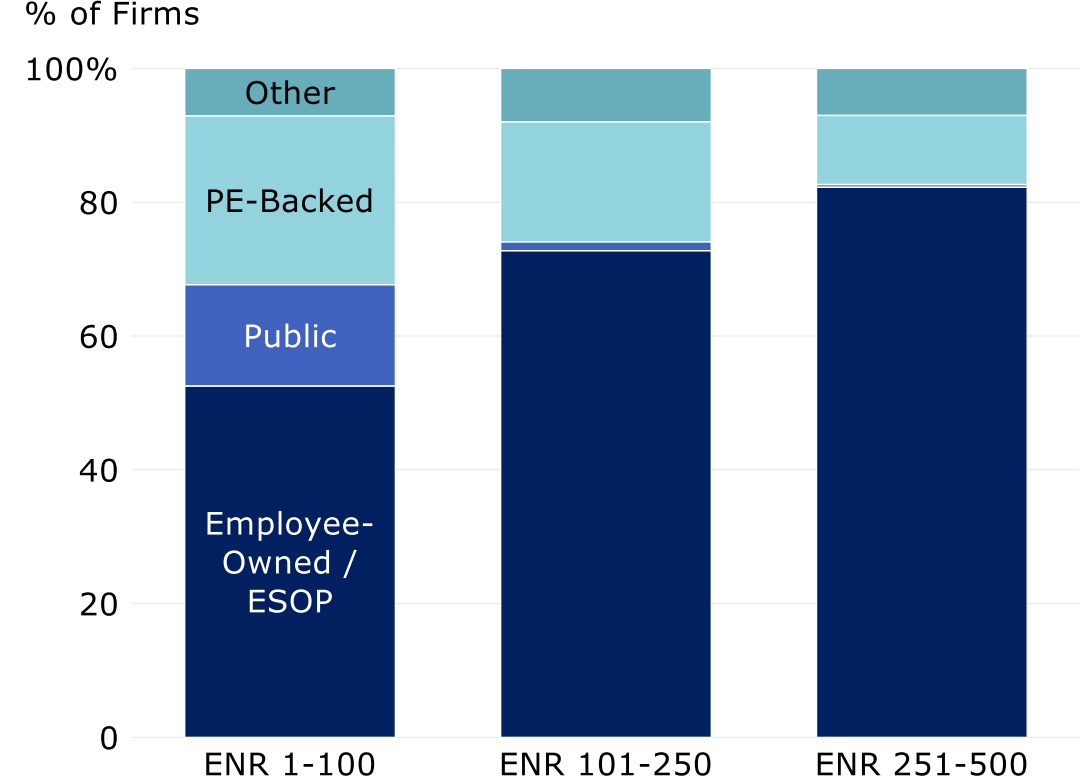
# How Has Structure Changed Over Time?

Since 2014, we have seen an increase in PE-Backed firms among the ENR 500, particularly among the top 100 firms which grew from 6% to 25% PE-Backed.

ENR 500 in 2014



ENR 500 in 2024

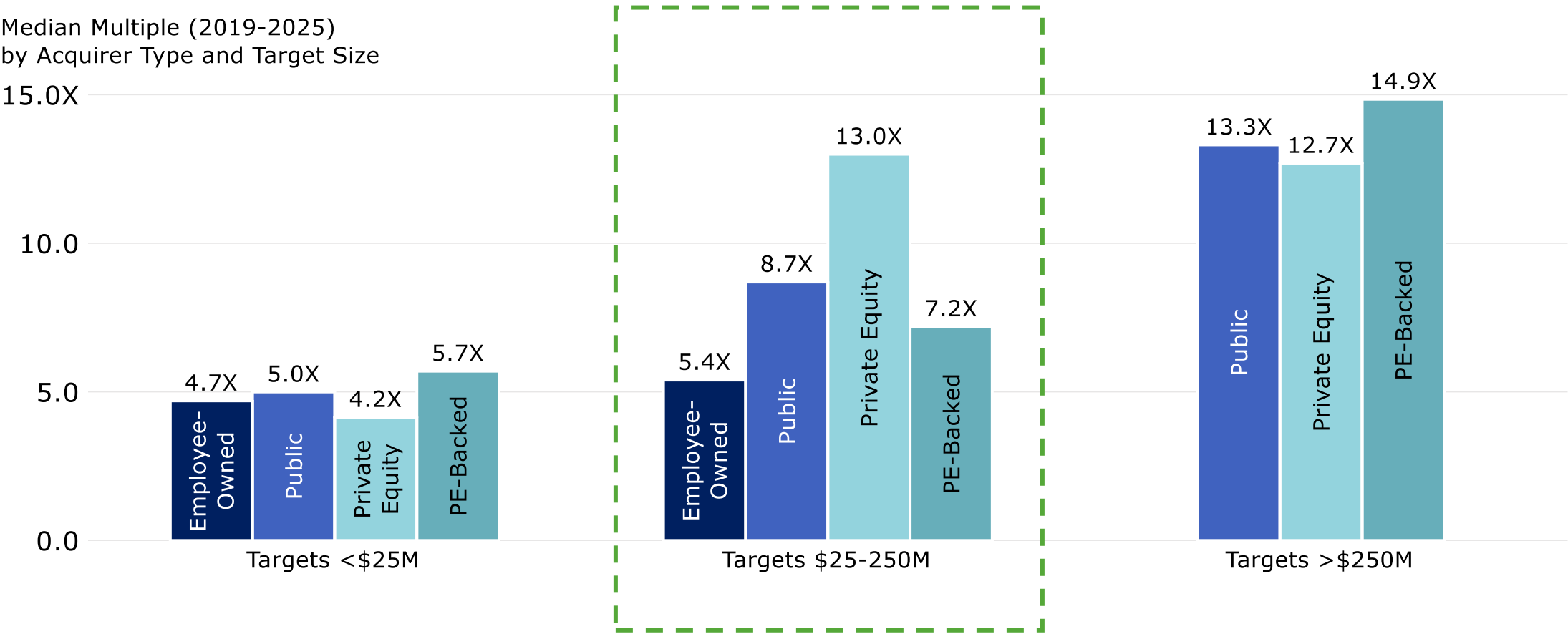


Source: 2014-2024 EFCG CEO Surveys, ENR

# Do Different Firm Structures Impact Pricing for Acquisitions?



For acquisitions \$25M - \$250M in revenues, we see private equity firms paying significantly more on average, however we see little difference in price paid for acquisitions of the smallest (<\$25M) and largest firms (>\$250M). PE-Backed firms tend to pay slightly more for firms with <\$25M and >\$250M in revenues.



Source: EFCG Transaction Database

## Where Most PMI Time is Spent

### Systems

- Finance
- IT
- HR
- BD/Marketing
- Knowledge Management

### Processes

- Project Accounting
- Business Development
- Performance / Promotions
- Internal / External Communication
- Learning & Development

### Org Design

- Org structure
- Roles / Titles
- Compensation strategy
- Benefits and incentives
- Ownership

### Strategy

- Long-term vision for combined organization
- Objectives / goals of integration
- Guiding principles (non-negotiables and areas of flex)
- Brand

### Culture

- Value drivers
- Ways of working (e.g. Organizational Network Analysis)
- Alignment to values and mission
- Decision-making
- Governance

### Change

- Integration timeline
- Change management plan (identifying the sponsorship spine)
- Communications plan and cascade
- Client transition plan

## Where Most PMI Time Should Be Spent

# Return on Investment

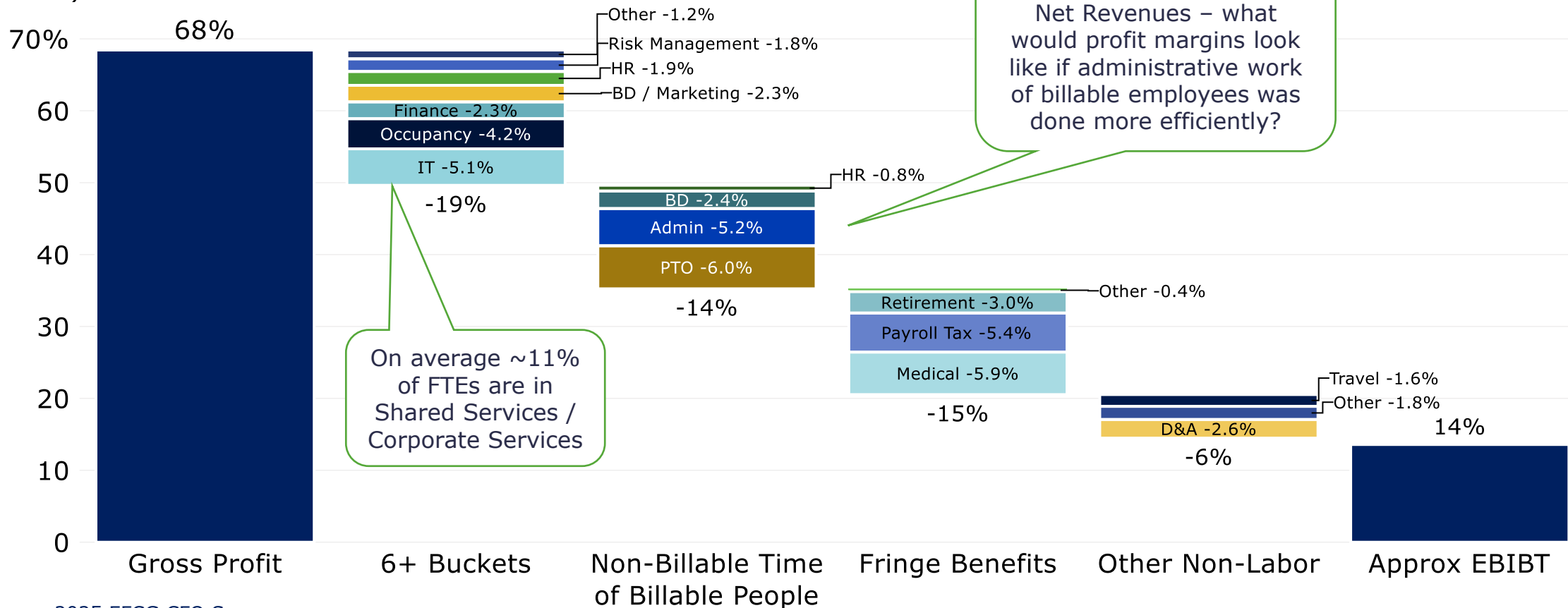


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# Driving Value From Overhead Costs

6+ Buckets (core shared services) and fringe benefits continue to drive overhead costs (and are where we see the greatest differences between firms).

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



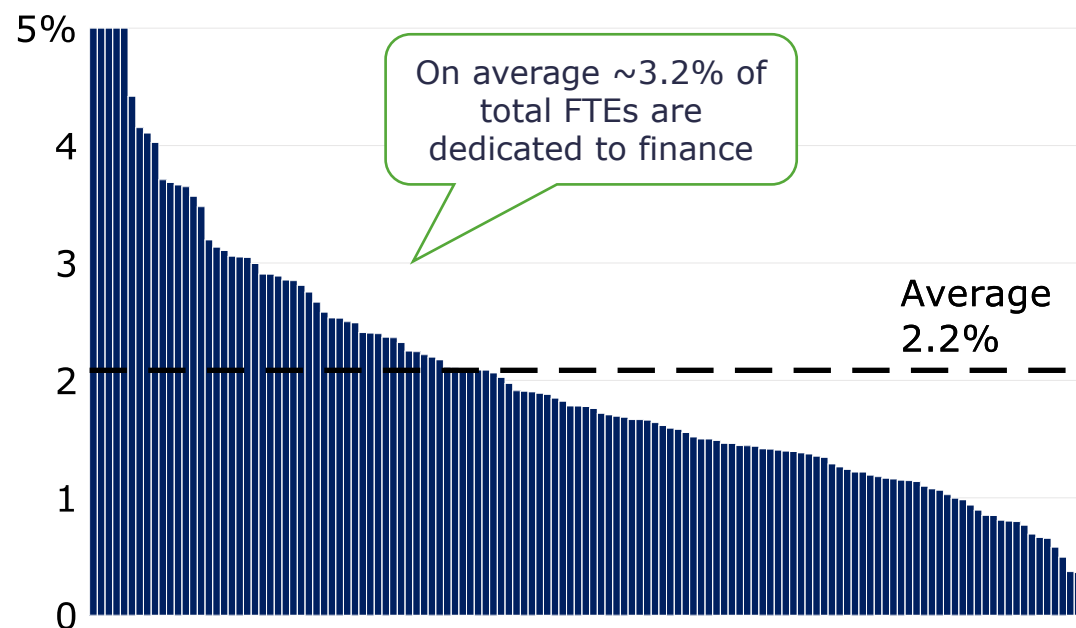
Source: 2025 EFCG CFO Survey

# Overhead Costs – Finance Deep Dive

Average spend on finance shared services is ~2%, but individual firms range from <1% to 5%+. Half of firms report no time spent on project billing – is this because firms are able to bill that time to clients? Or because that time isn't tracked?

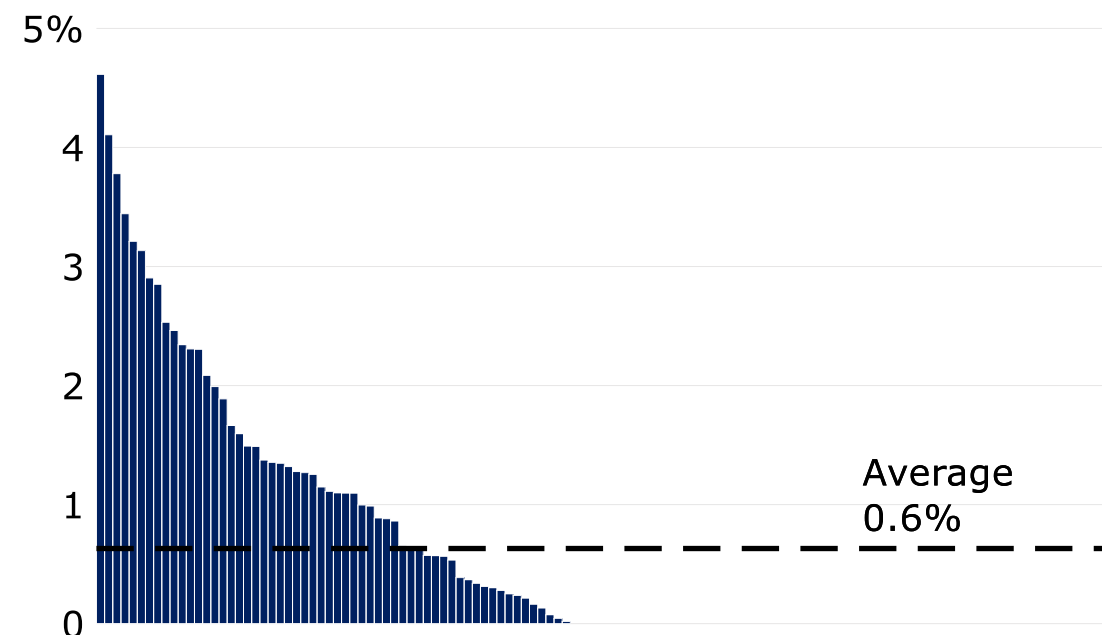
## Finance Team & Finance Non-Labor

Total Finance Costs (% of Net Revenues, 2024)



## Project Billing (Non-Billable Time)

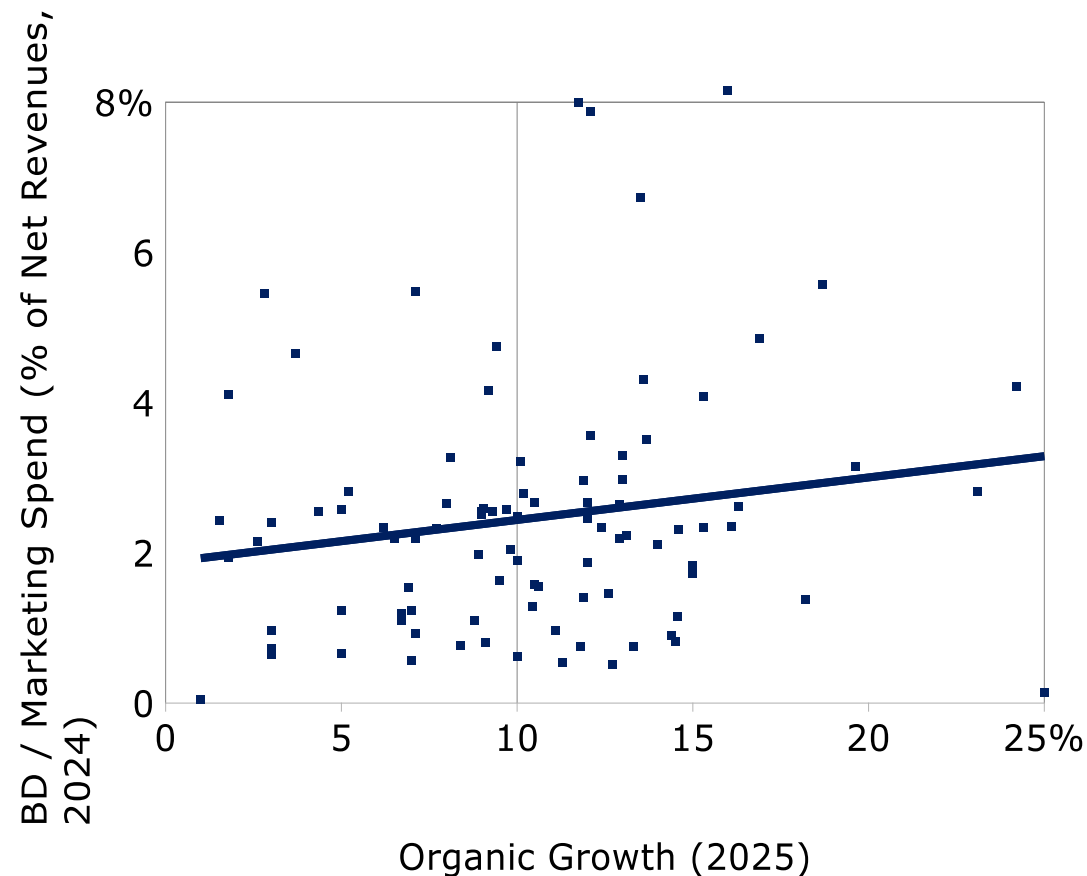
Project Accounting & Billing (as a % of Net Revenues, 2024)



# Return on Overhead (ROOH)

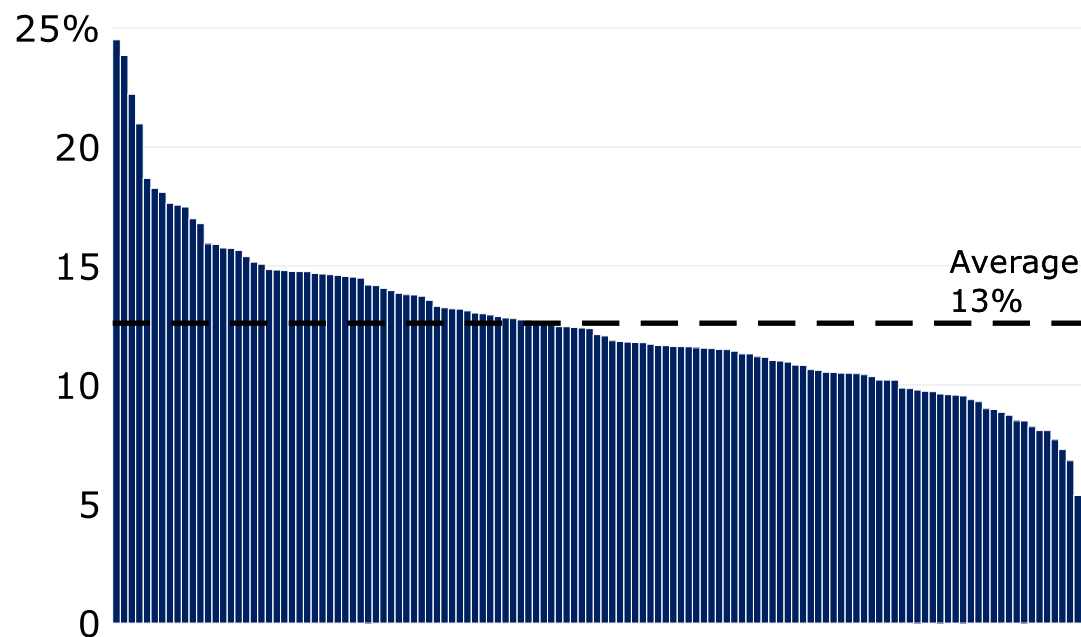
Overhead is not inherently good or bad – it comes down to the return you get on that investment

## Does BD Spend Drive Growth?



## Do Fringe Benefits Drive a Return?

Fringe Benefits (as a % of Net Revenues, 2024)



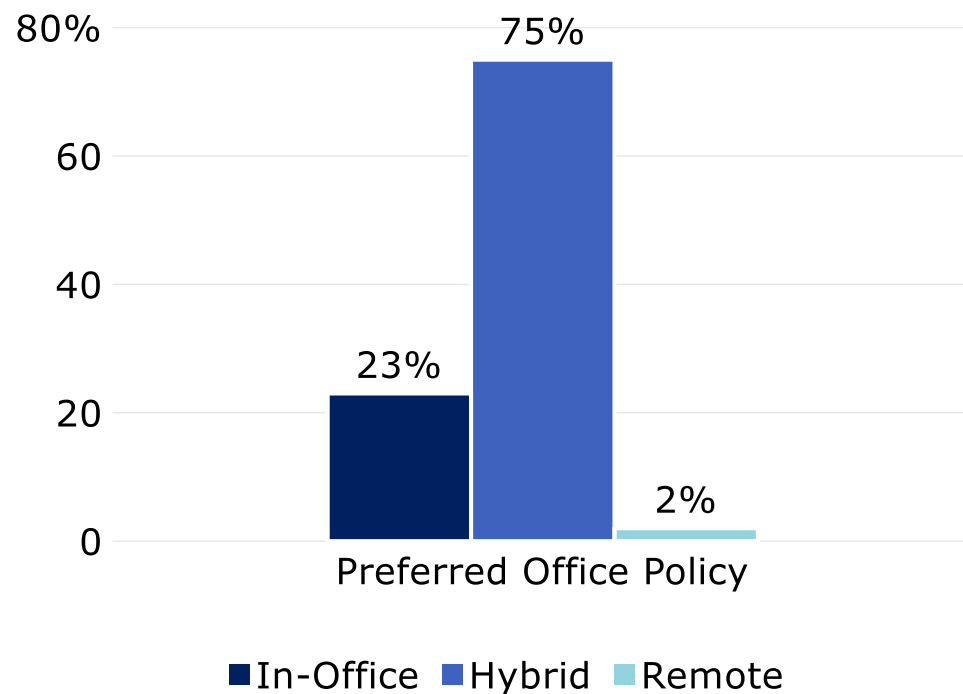
Source: 2025 EFCG CFO Survey

## Hybrid Work Is Increasingly Becoming a “Requirement”

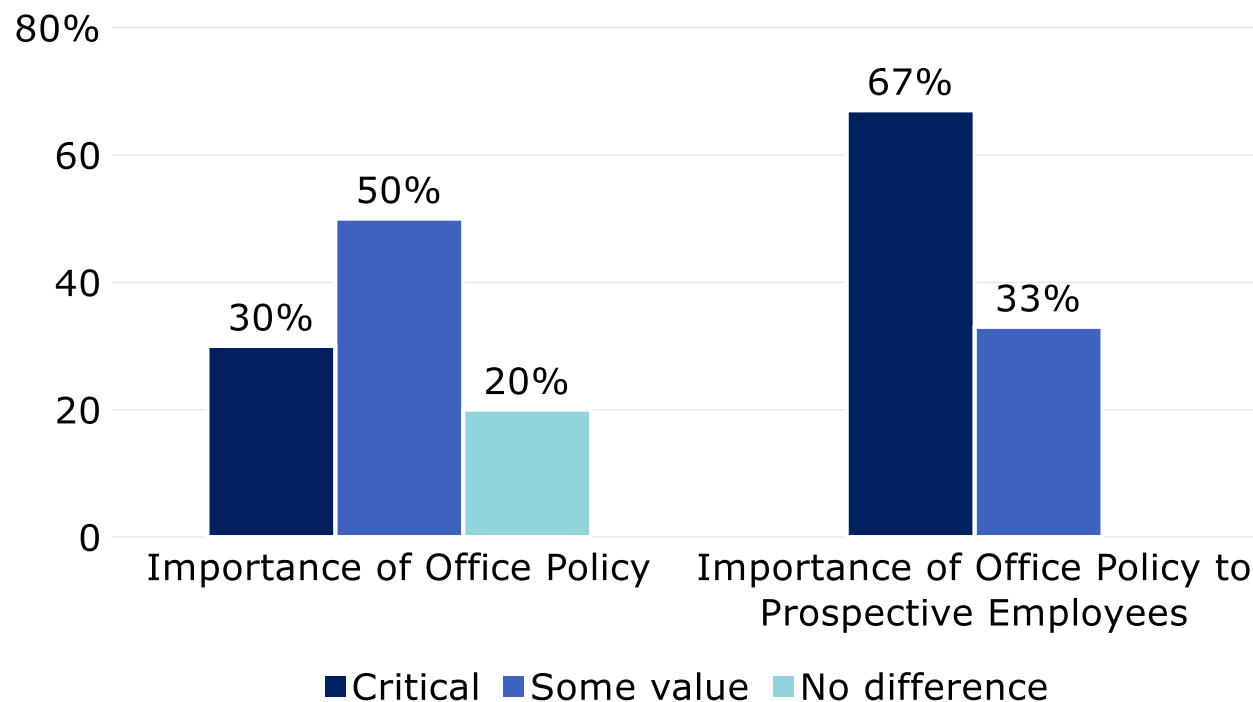
Most Rising Leaders in firms express a preference for hybrid work. While office work policies are of some value to current employees, they’re overwhelmingly important for those searching for jobs.

### Rising Leaders’ Preferences & Perceptions

% of Respondents



% of Respondents



Source: 2024 EFCG CEO Survey, 2025 Rising Leaders Conference

# How are you adjusting your office leases to maximize ROI?

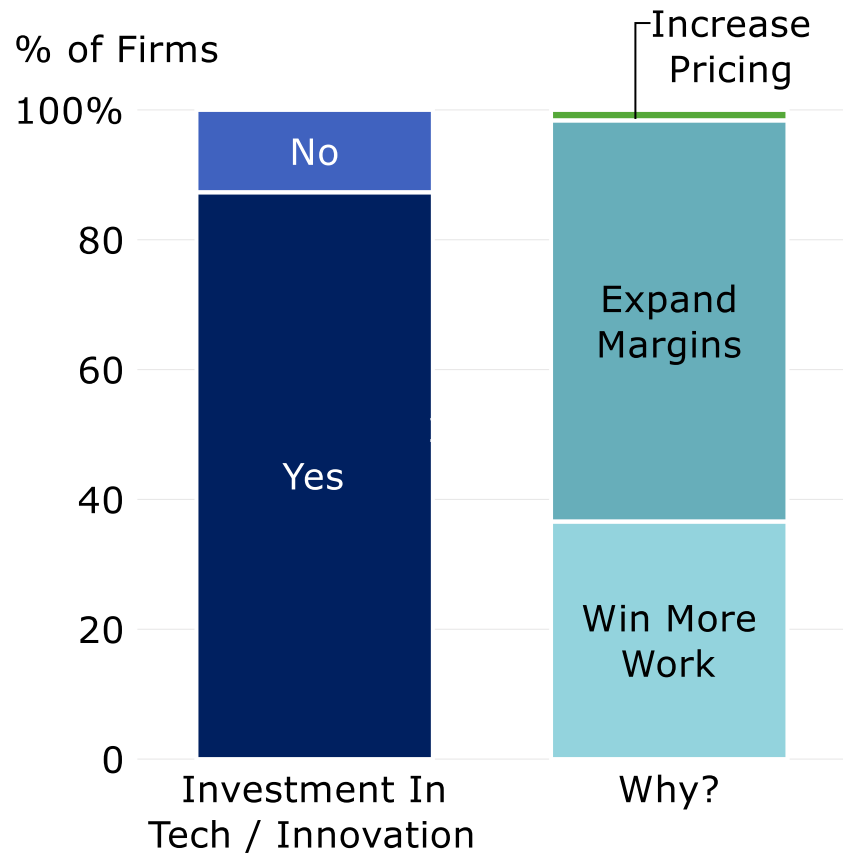
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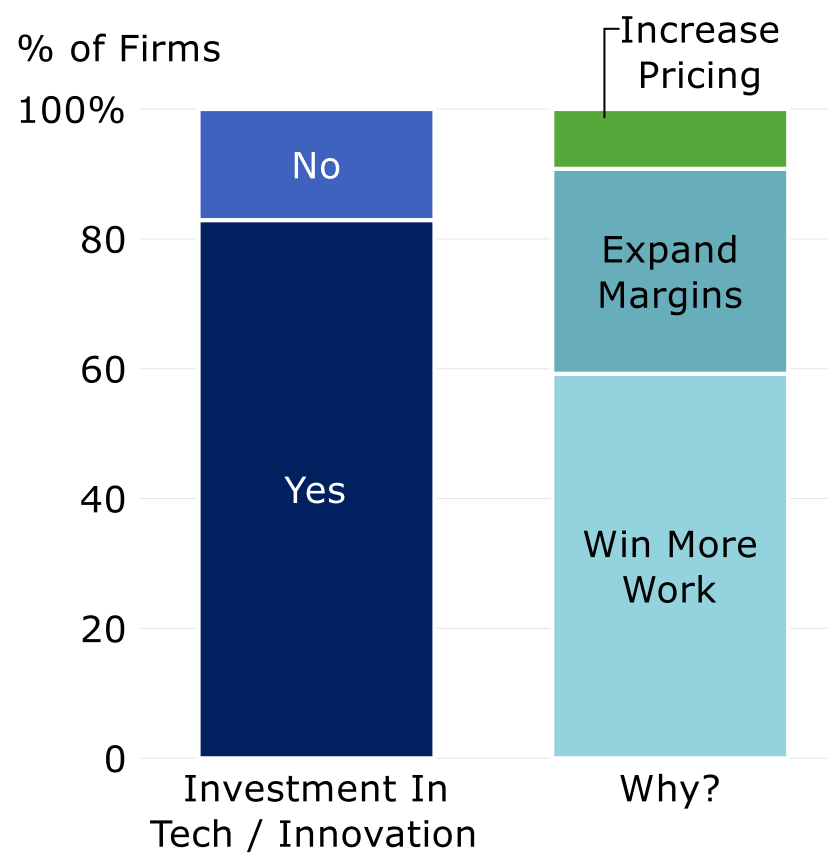
## Most Firms Invest in Technology for Positive ROI

Firms are primarily investing in technology and innovation to expand margins and win more work, and 60% report a positive ROI on those investments.

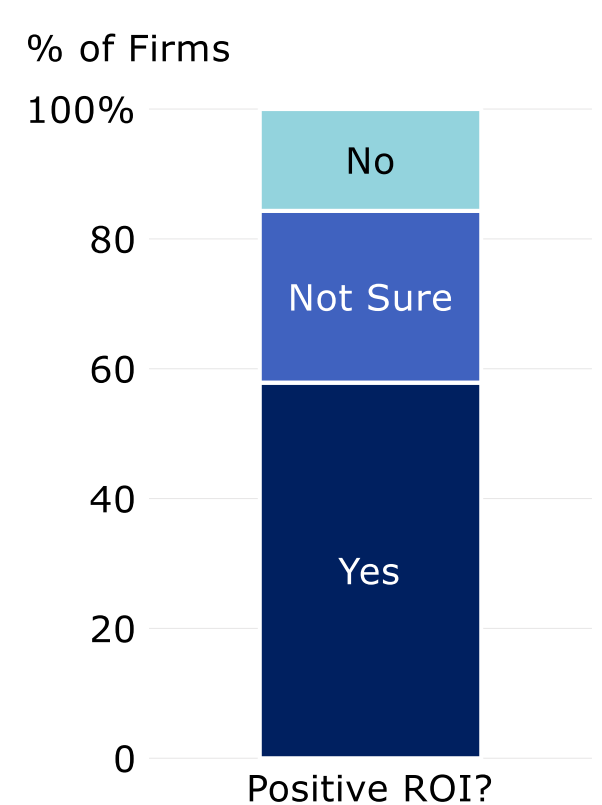
### Investment to Drive Efficiency



### Investment to Improve Value Prop



### Positive ROI



Source: 2025 EFCG CFO Survey

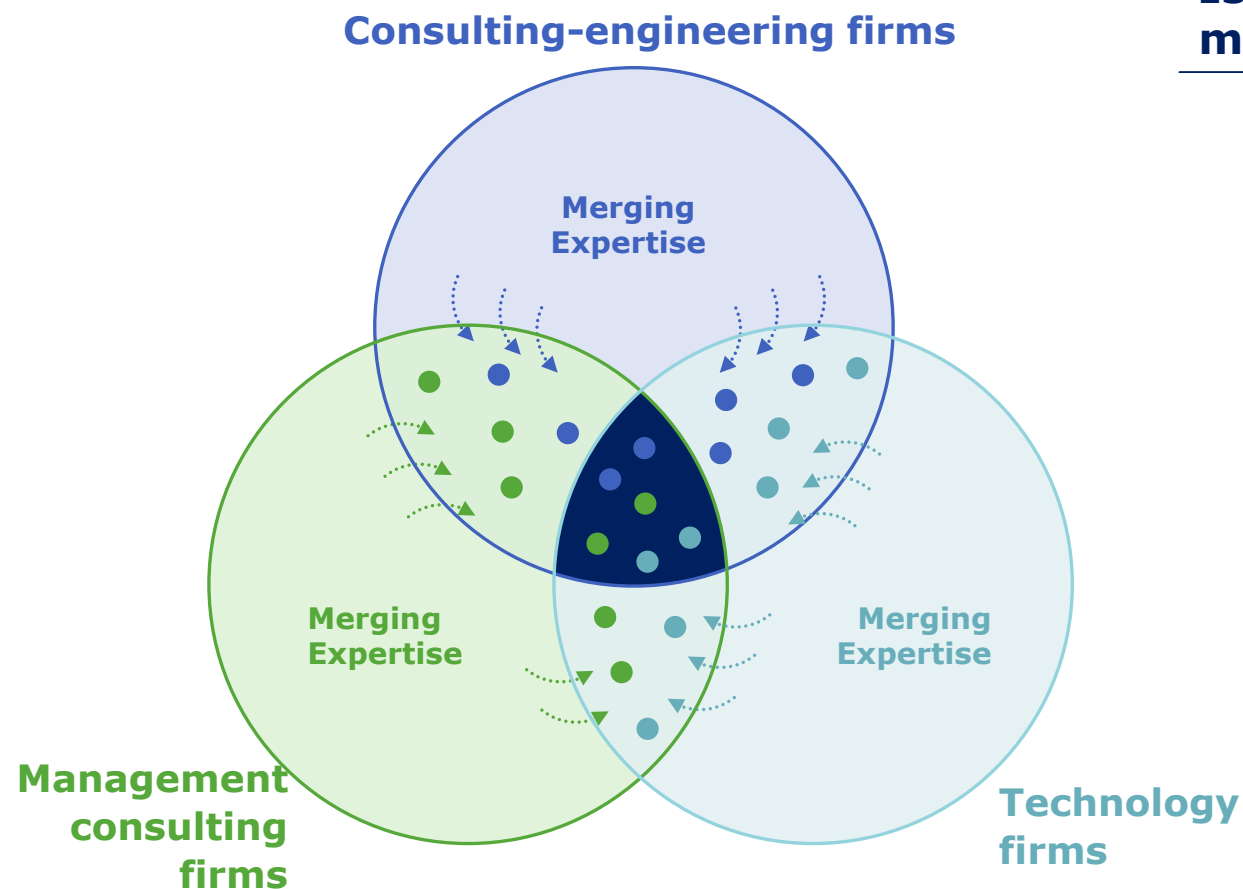
# Emerging Business Models



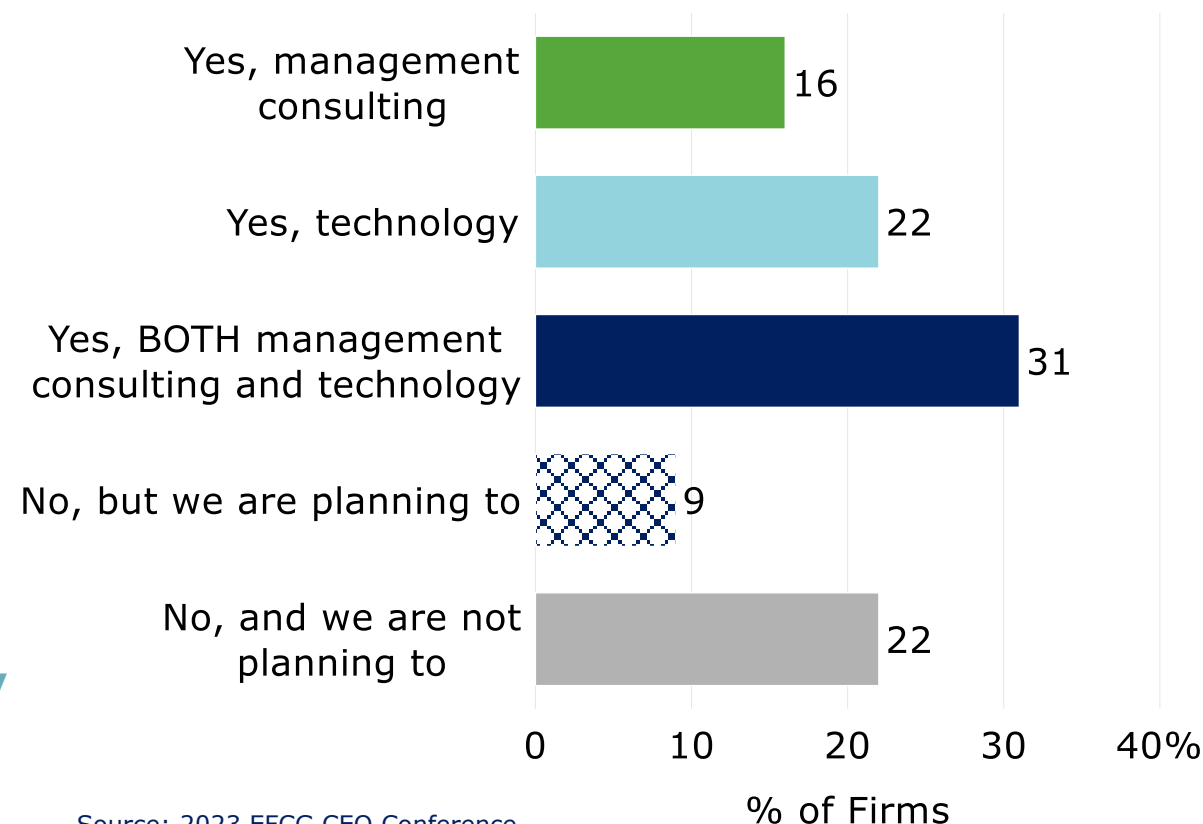
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# Traditional Industry Barriers Are Blurring

As consulting-engineering firms become “tech-enabled” and seek to move up the value chain, the differences between consulting-engineering, management consulting and technology are becoming harder to define.



## Is your firm operating in (or shifting towards) management consulting or technology?

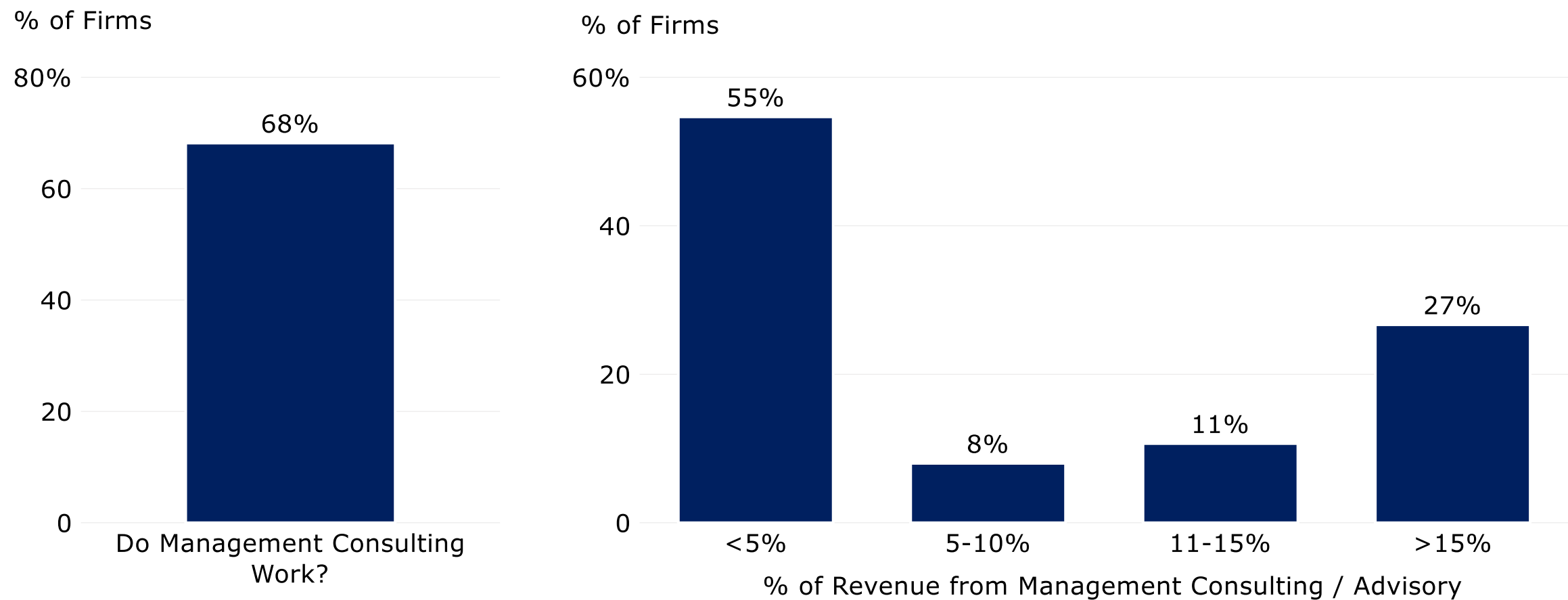


Source: 2023 EFCG CEO Conference

# Management Consulting Is Becoming Core to Business Models

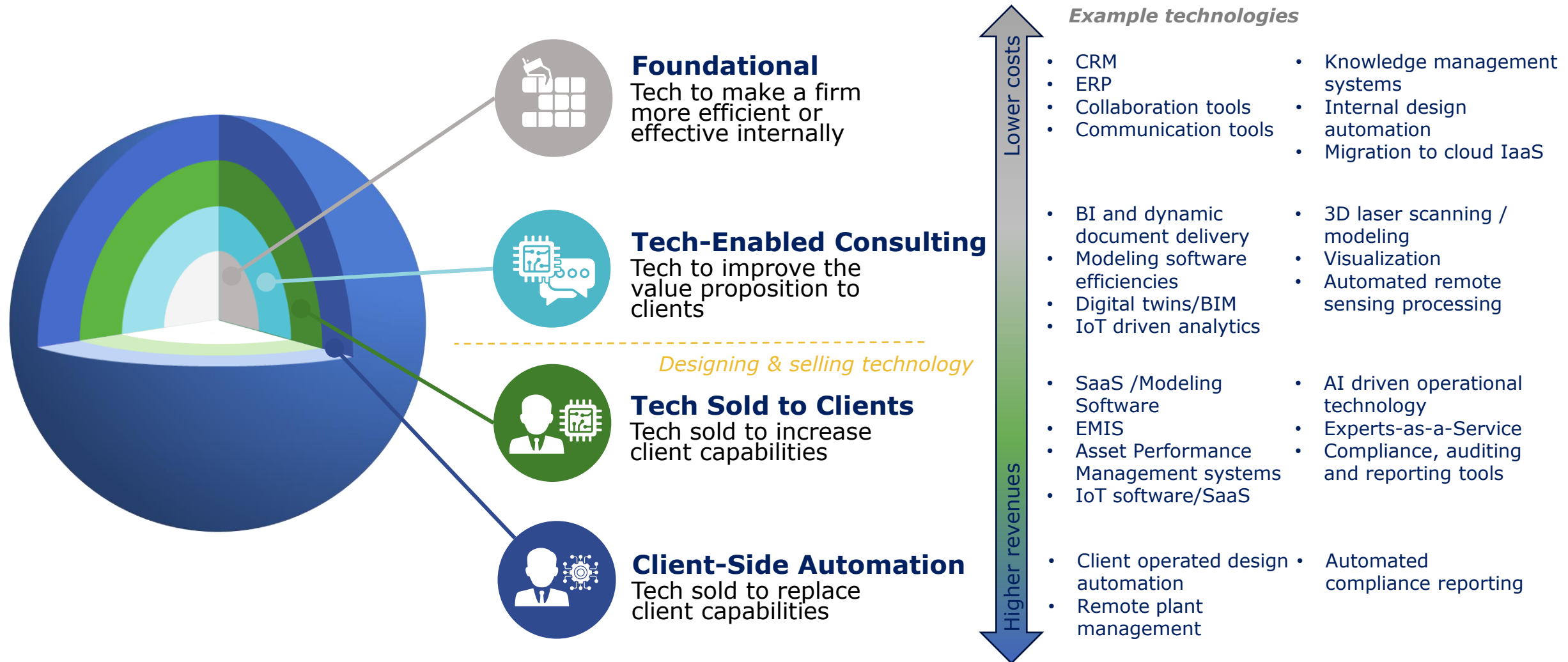


Most firms generate revenue from management consulting work, although there is a gap between those who are just beginning to generate revenue and those who have embedded this work into their business model

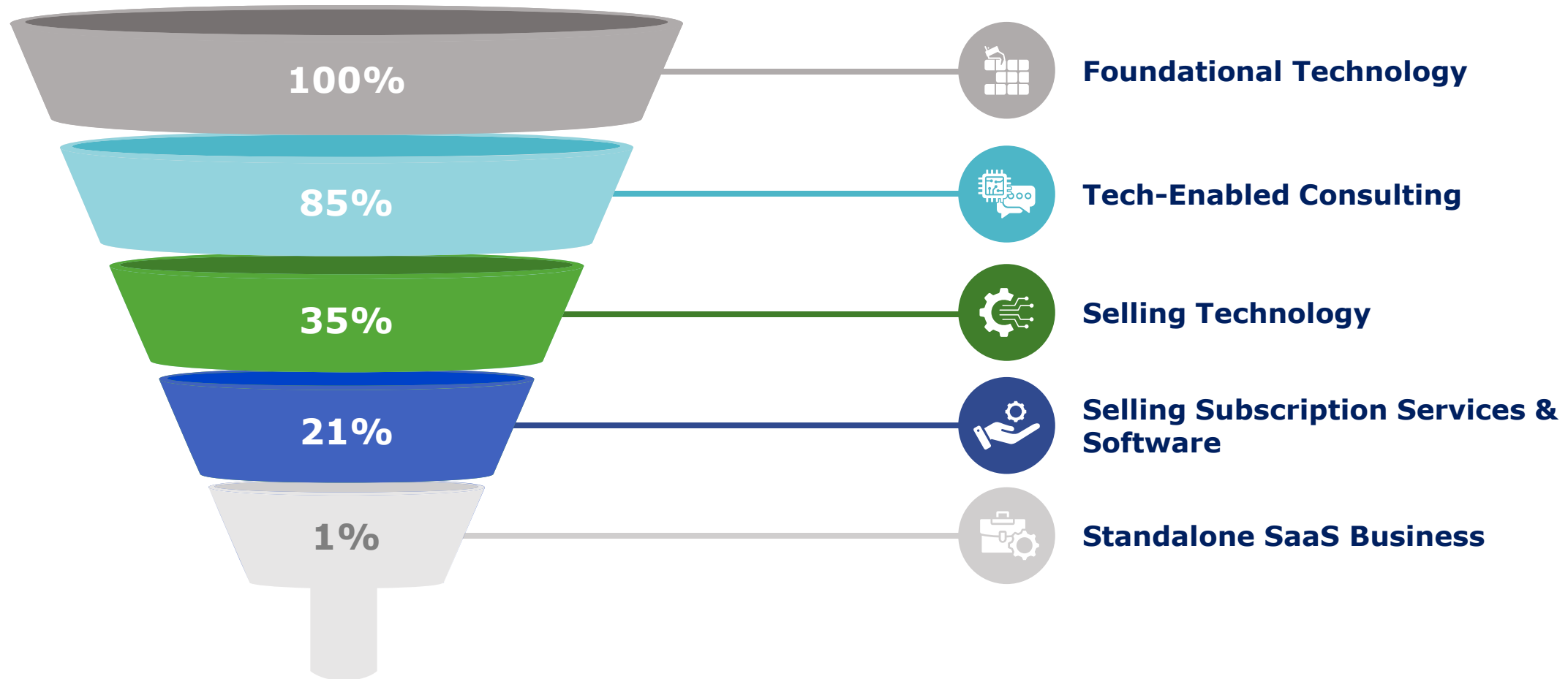


Source: 2025 EFCG CFO Survey

# EFCG Technology Framework – Building a Portfolio of Four Spheres of Technology



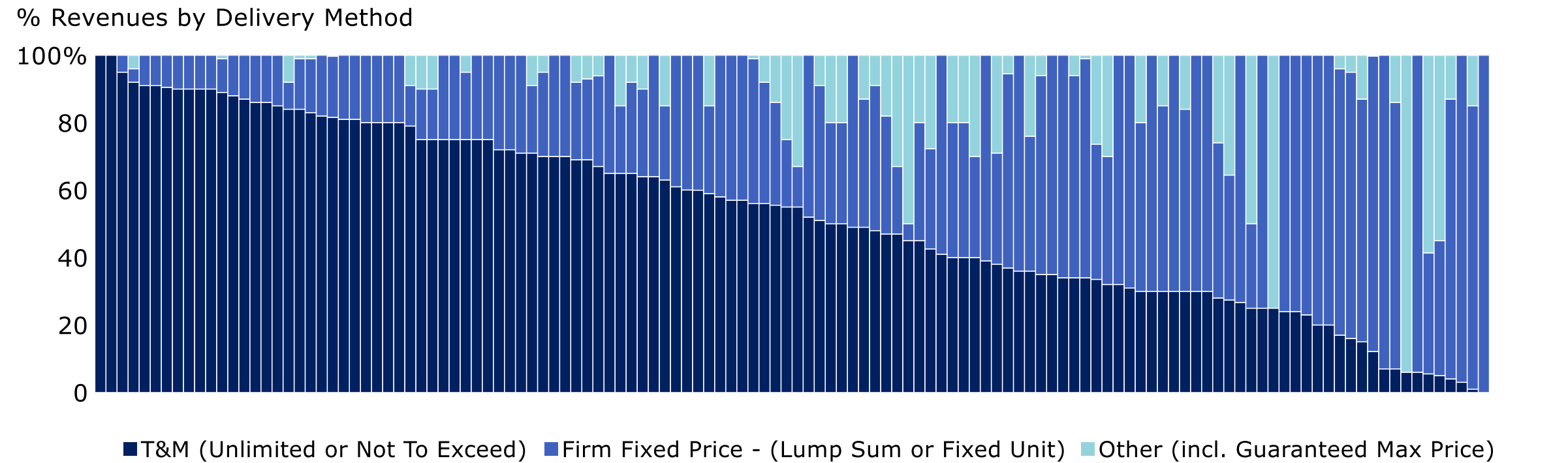
# The Technology “Funnel”



# Business Model Shifts Will Accelerate Delivery Method Shifts



As firms look to move towards management consulting and technology, we expect to see a faster shift away from T&M towards Fixed Price Work. However, most firms will still need to navigate a combination of delivery methods.



Balancing fixed price and T&M work has implications on profit, risk, KPIs and ROI

Source: 2024 EFCG CEO Survey

# **Recession Resiliency**



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**Do you think there will be a recession in the US in the next 12 months?**

To vote, click on the “Main Session Live Polling” button in the EFCG Conference Portal. You can also use the code on the next slide.

All responses are anonymous!

# **Do you think a recession would negatively impact your projections for the next 12 months?**

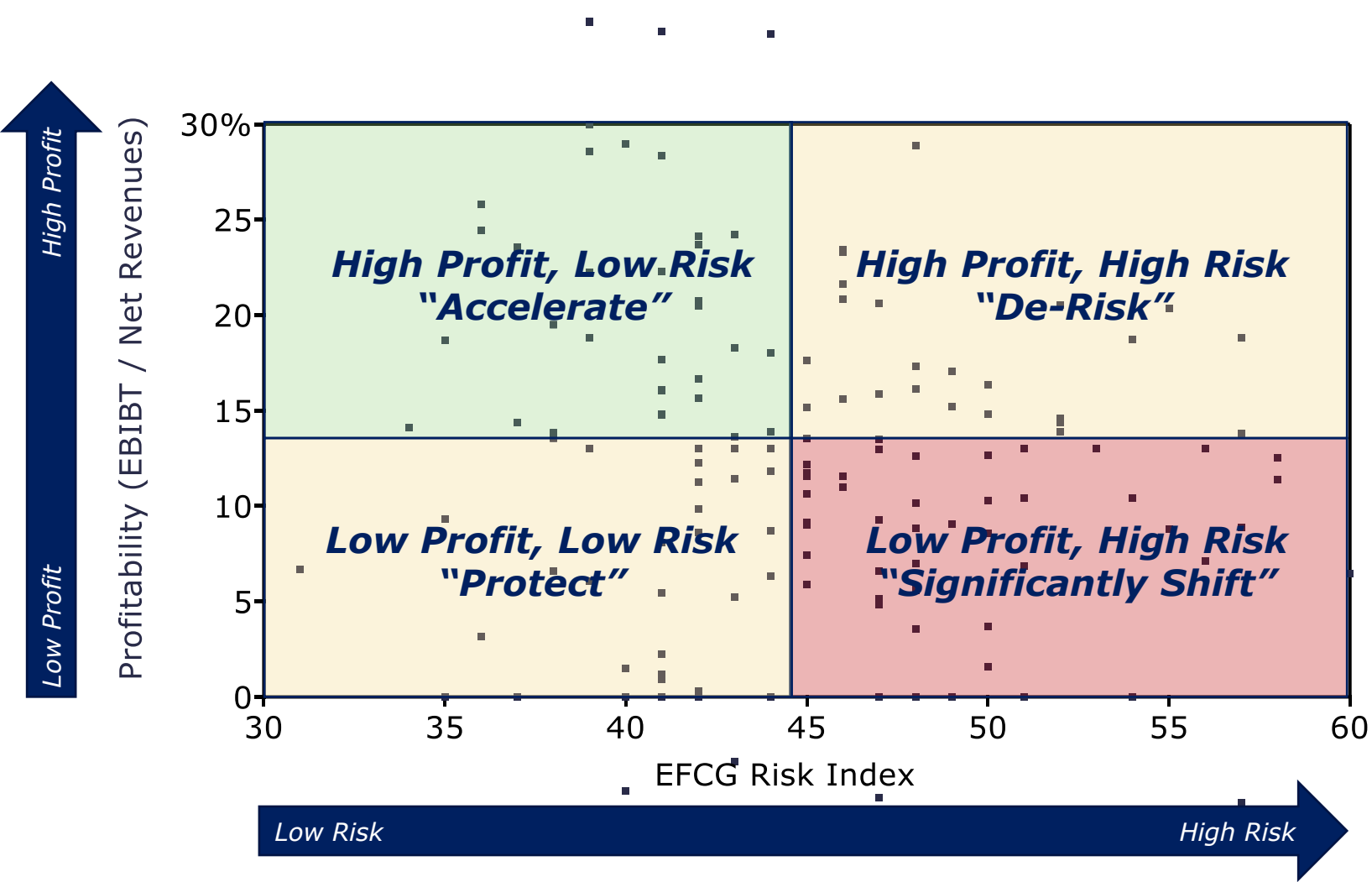
To vote, click on the “Main Session Live Polling” button in the EFCG Conference Portal. You can also use the code on the next slide.

All responses are anonymous!

- Our industry is highly *recession resilient* – even in 2008-2009, median growth didn't drop below zero
- Although median growth and profit tend to decline (often ~12-18 months after a recession), it also recovers to pre-recession levels within 3-4 years
- However, this does not mean that every firm in the industry can navigate through a recession unscathed
- We have identified key metrics that are correlated with success (or challenges) in a downturn - how a firm *enters* into a recession is a primary driver of how successfully a firm *exits*
- How can you best prepare for a potential recession?

Estimating Success in a Downturn: EFCG's Profit / Risk Matrix





Are you well-positioned to navigate through a downturn?

What implications does this have on your priorities?

Which steps are most imperative in the short term? The long term?

Source: 2022 EFCG CEO Survey

# EFCG's Risk Index – Building a Total Risk Profile

We identified dozens of risk drivers correlated with success in prior recessions

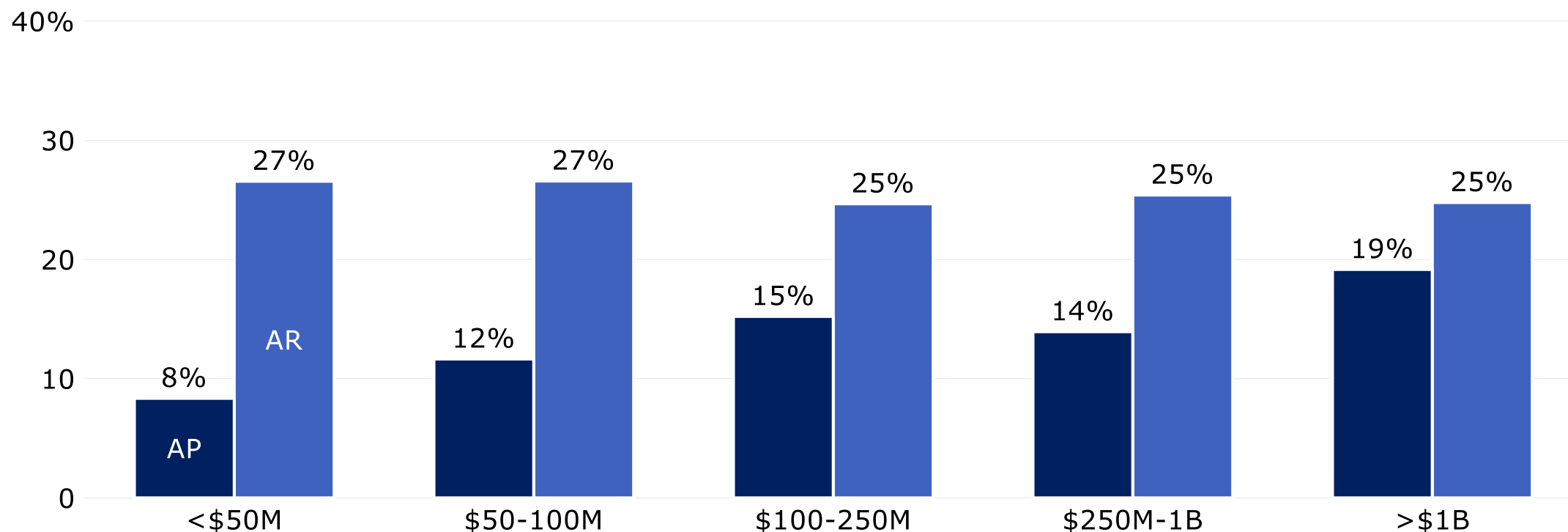


# Larger Firms Continue to Operate with Lower Working Capital



Consistent with what we've seen over the past ~15 years, larger firms operate with lower overall working capital. This difference is NOT driven by speed of collections (AR / DSO), but rather by (slower) speed of payments!

Avg Working Capital (2023)

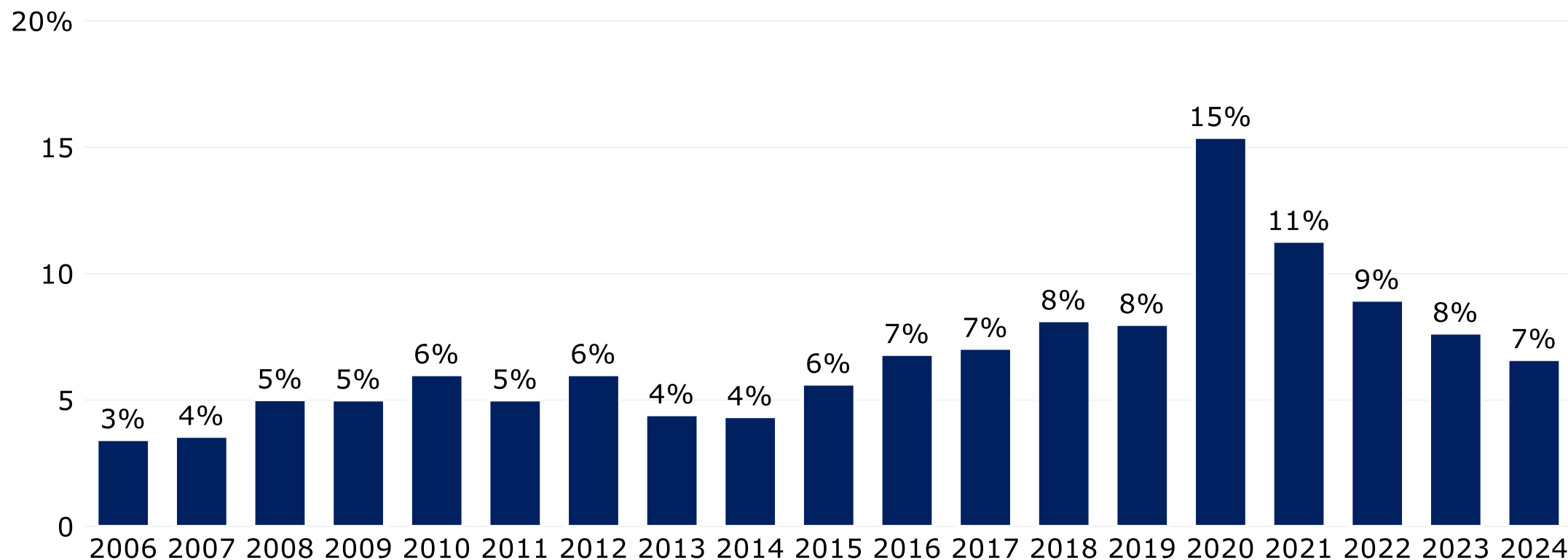


Source: 2024 EFCG CFO Survey

# Average Cash Position Down to 2015-2019 Numbers

Firms built up a significant cash reserve during 2020 (including the result of PPP loans), but have been drawing it down since; how much cash on hand do you want right before a recession hits?

Avg Cash On Hand (% of Net Revenues)



Source: 2007-2024 EFCG CEO Surveys, 2025 EFCG CFO Survey

- One way to determine how much cash you want before a recession hits? Calculate your “runway”
- How long you could continue to operate if you stopped receiving cash tomorrow and didn’t adjust cash outlays? Then determine whether your firm’s risk tolerance is comfortable with that number
- And then... test your financial agility to see how quickly you *could* adjust cash flow
  - How quickly could you delay your payables (and how far)?
  - How quickly could you draw on your line of credit?
  - How quickly could you get out of leases (and what would it cost)?
  - How quickly could you furlough or layoff employees (and what would it cost)?
- The best time to pressure-test your processes is when you don’t need to do it!

# Agenda

## 01 Welcome & Overview

## 02 Update on Key Industry Metrics

## 03 Looking Ahead: Industry Trends

- Industry Outlook
- Talent Retention
- Productivity & Pricing
- Return on Investment
- Mergers & Acquisitions
- Emerging Business Models
- Recession Resiliency

## 04 Key Takeaways



# Key Takeaways

## The fundamentals of our industry remain strong

- Growth and profit were strong in 2024, and 2025/2026 estimates indicate similar performance
- Strong backlogs and the recession-resiliency of our industry bodes well for any future economic or global uncertainty

## However, the billable hour model is limiting future growth

- As long as revenue and profit remain linked to headcount, most firms will see a “ceiling” on growth and profitability
  - Talent constraints disproportionately disadvantage T&M firms
  - Investments in innovation will only have a positive ROI if they reduce non-billable time (not if they reduce billable time)
  - Firms will have a more difficult time pricing for value
- Firms need to enhance – or break – the billable hour model

## This comes with significant advantages... and significant risks

- If this is where the direction the industry must move, it’s better to make the shift strategically (and on your timeline), rather than being forced to do so quickly

## Ask Us Questions

Rebecca Zofnass

[rzofnass@efcg.com](mailto:rzofnass@efcg.com)

<https://calendly.com/rzofnass>

## Share Your Feedback

We value your input!

Please take a moment to fill out the pink feedback form with your thoughts on this session.



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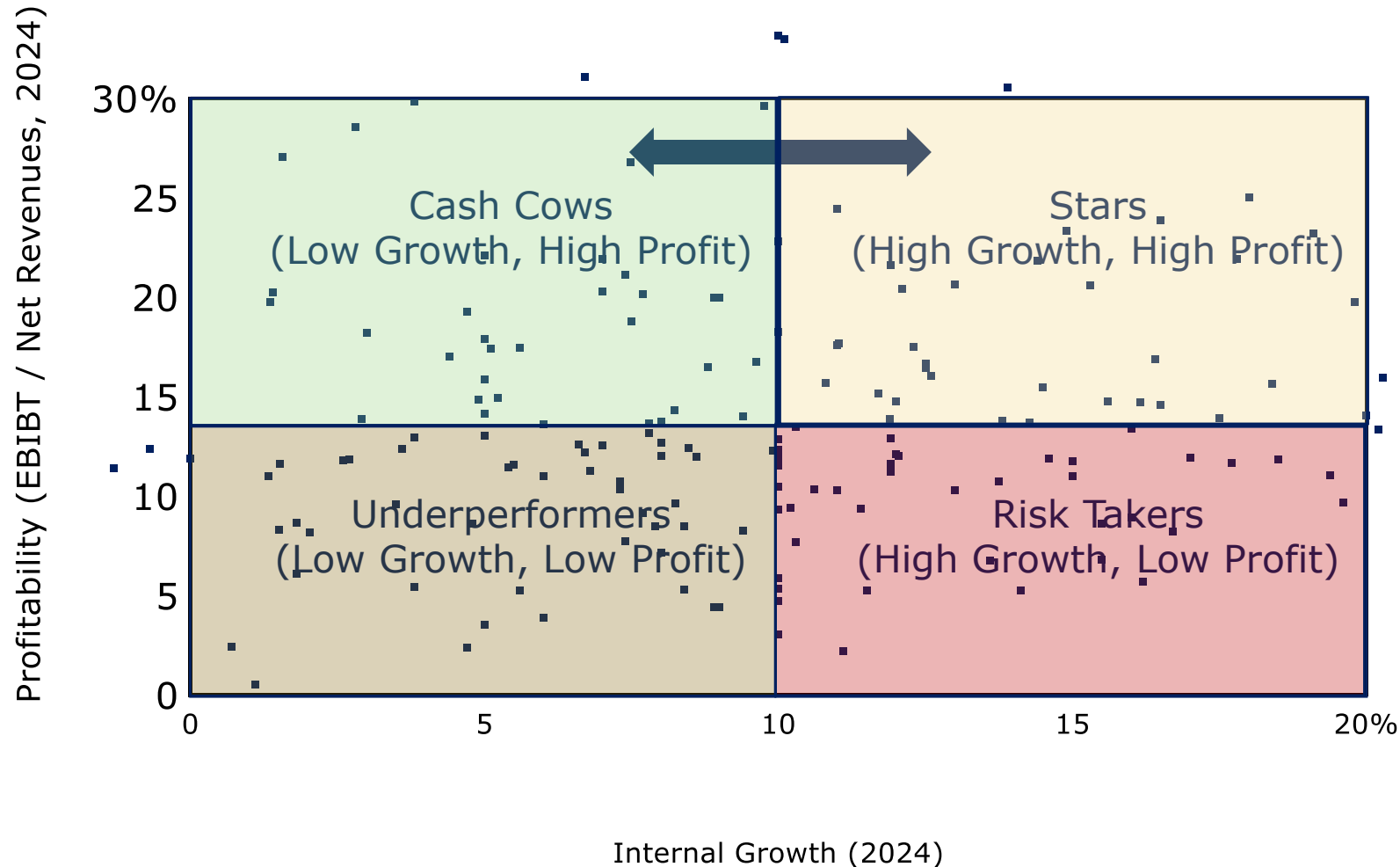
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Environmental Financial  
Consulting Group



# Appendix

# 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.



High growth is hard to maintain in perpetuity

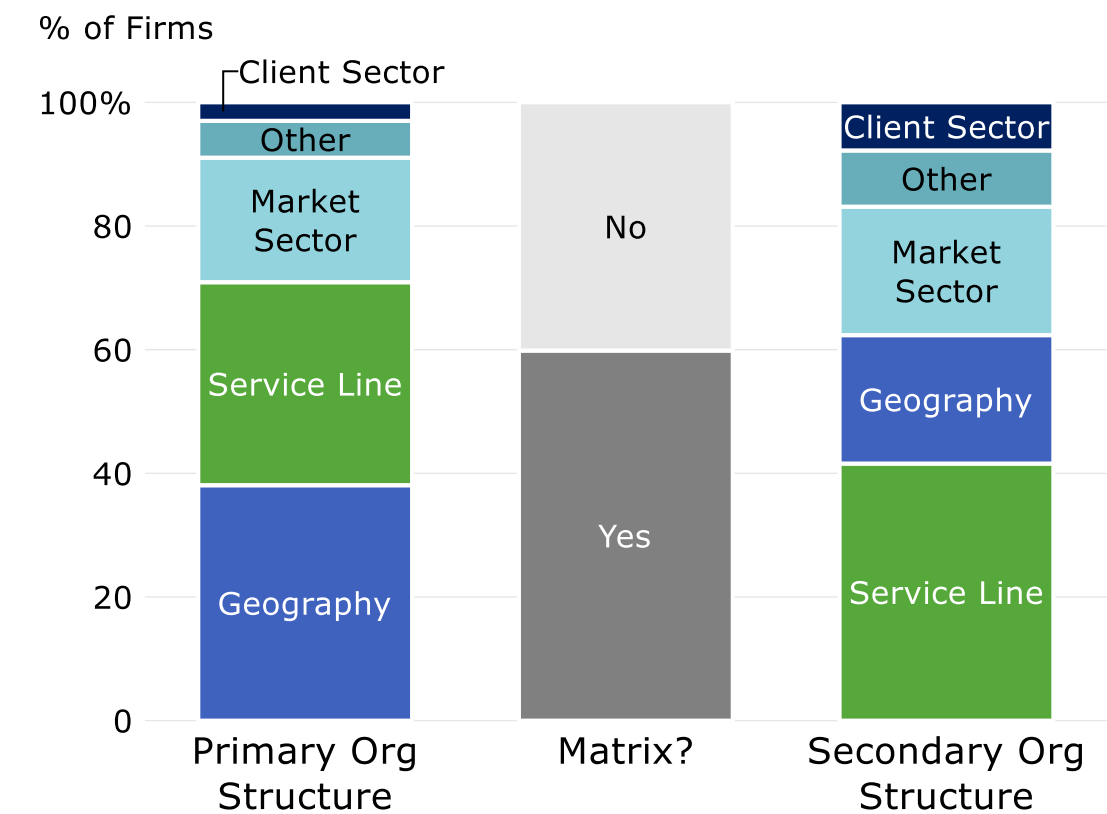
“Sweet spot” is high profit, and moving back and forth between higher and lower growth

Source: 2024 EFCG CEO Survey

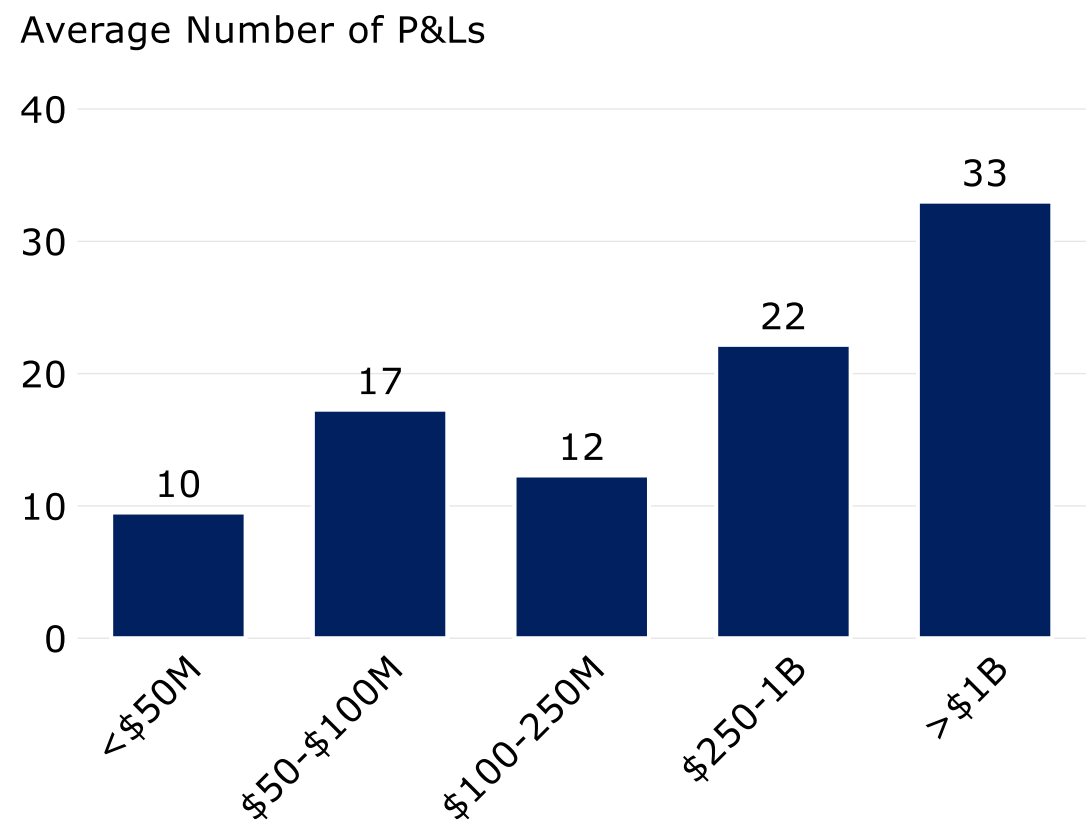
# Organizational Design in the AEC Industry

~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, with an increase in numbers since 2023.

## Primary and Secondary Org Structures



## Number of P&Ls



Source: 2025 CFO Survey

# CFO Compensation



Larger firms naturally tend to pay their CFOs more than CFOs of smaller firms. The below information represents medians gathered from the 2025 CFO Surveys.

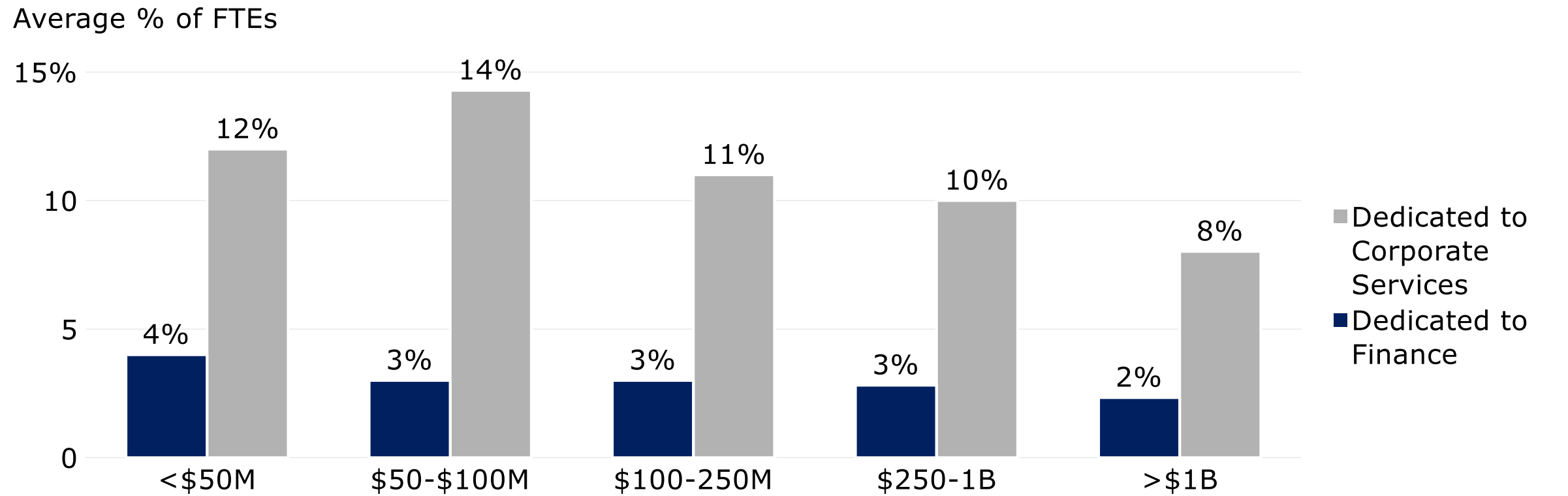
| Company Size | Salary | Cash Bonus | Total  |
|--------------|--------|------------|--------|
| <\$50M       | \$200K | \$40K      | \$250K |
| \$50-\$100M  | \$220K | \$65K      | \$320K |
| \$100-\$250M | \$280K | \$130K     | \$430K |
| \$250M-\$1B  | \$320K | \$200K     | \$560K |
| >\$1B        | \$450K | \$650K     | \$1.1M |

Source: 2025 CFO Survey

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

# FTEs Dedicated to Finance & Corporate Services

Larger firms tend to have a lower % of FTEs dedicated to either Finance or Corporate Services more broadly, suggesting some economies of scale.



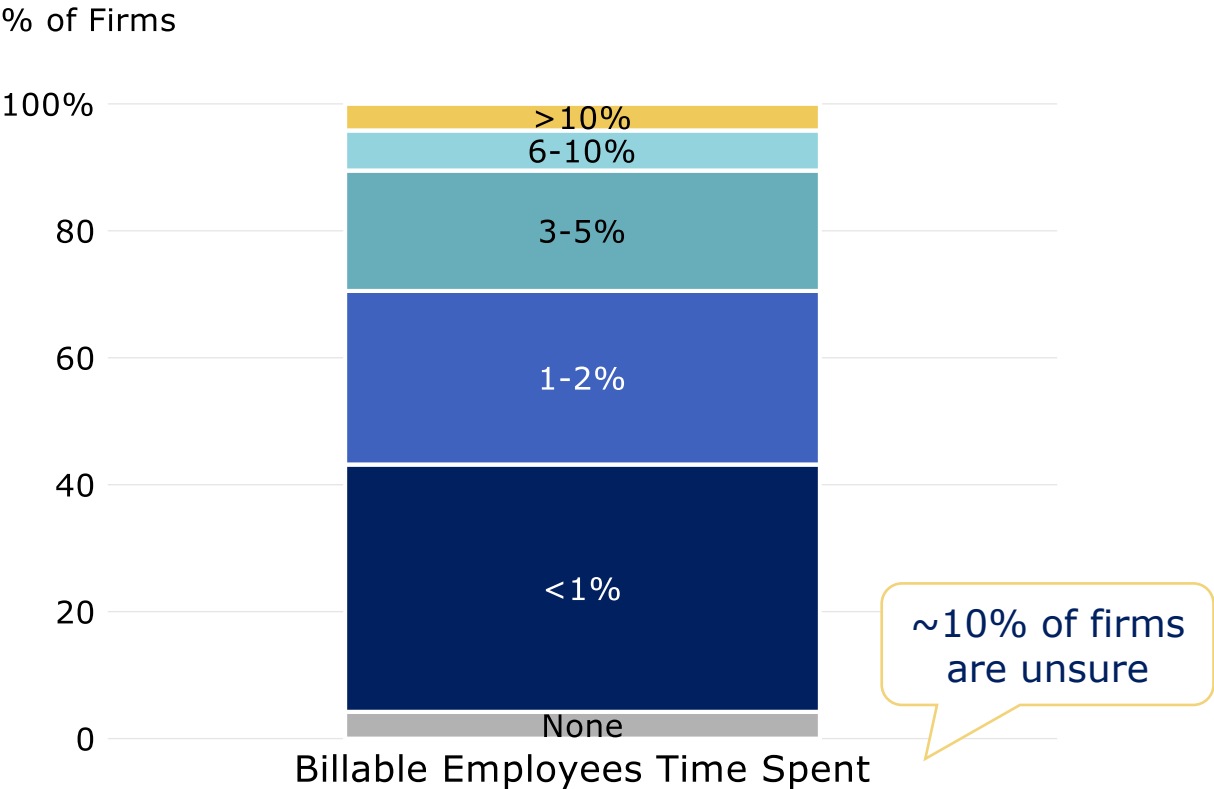
Source: 2025 CFO Survey

Note: Total is median of the total number of Full Time Employees; median of total will not fully align to the sum of the median individual components

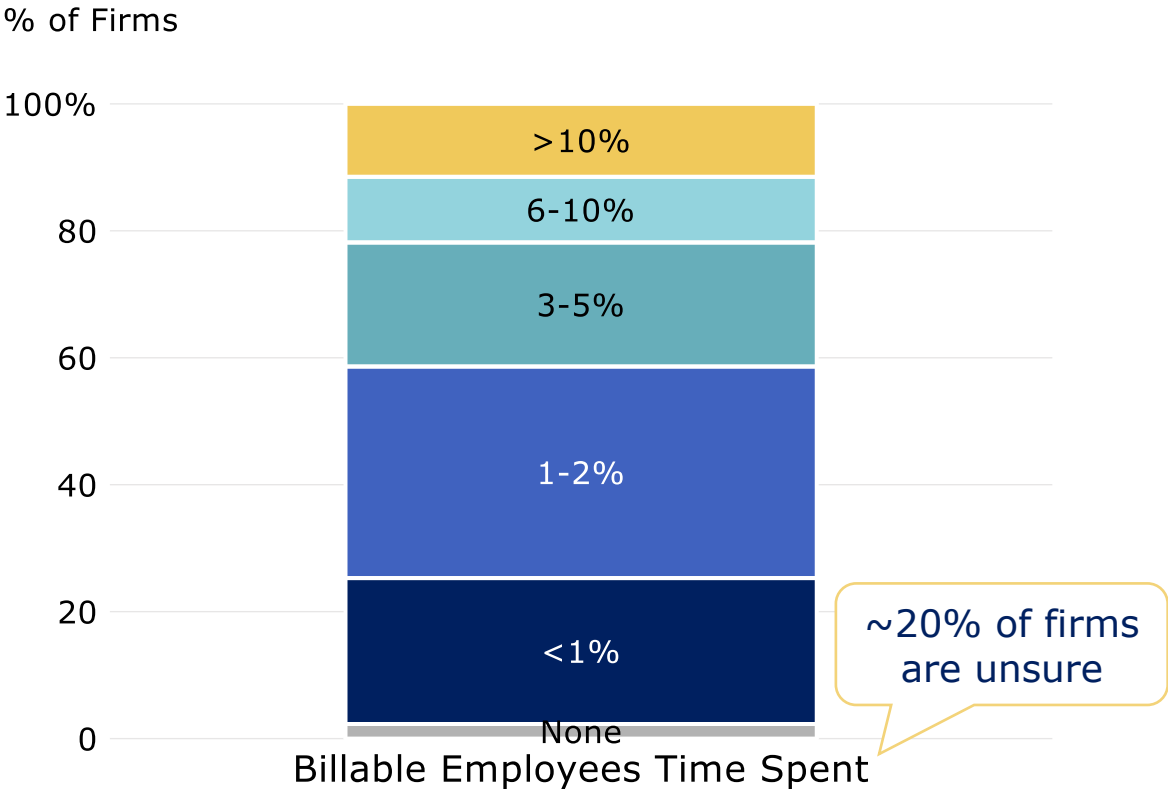
# Time Spent on Innovation and Strategy Execution

A majority of firms report less than 2% of their billable employees' time being spent on innovation and executing strategy – how much time are employees in your organization spending?

## Time Spent on Innovation and R&D



## Time Spent Executing Strategy

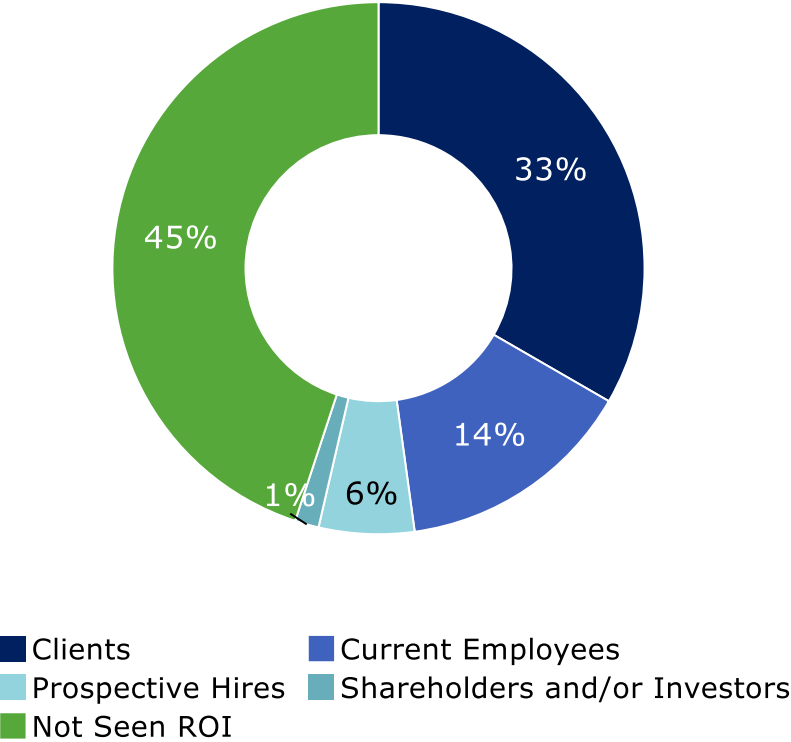
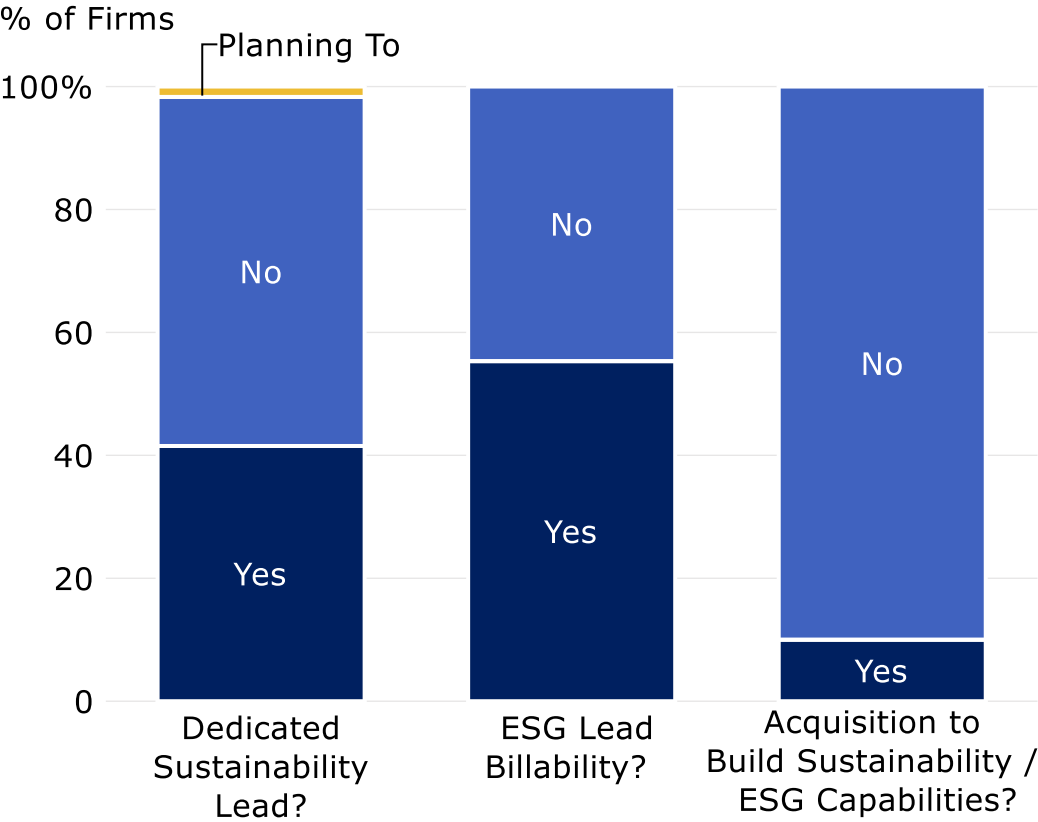


Source: 2025 CFO Survey

42% of Firms have a Dedicated Lead of Sustainability. Of those leads, 55% are billable. 33% of firms see a ROI on sustainability through winning work with clients.

## Sustainability Leads, Billability & Acquisitions

## Where is ROI from ESG Services?



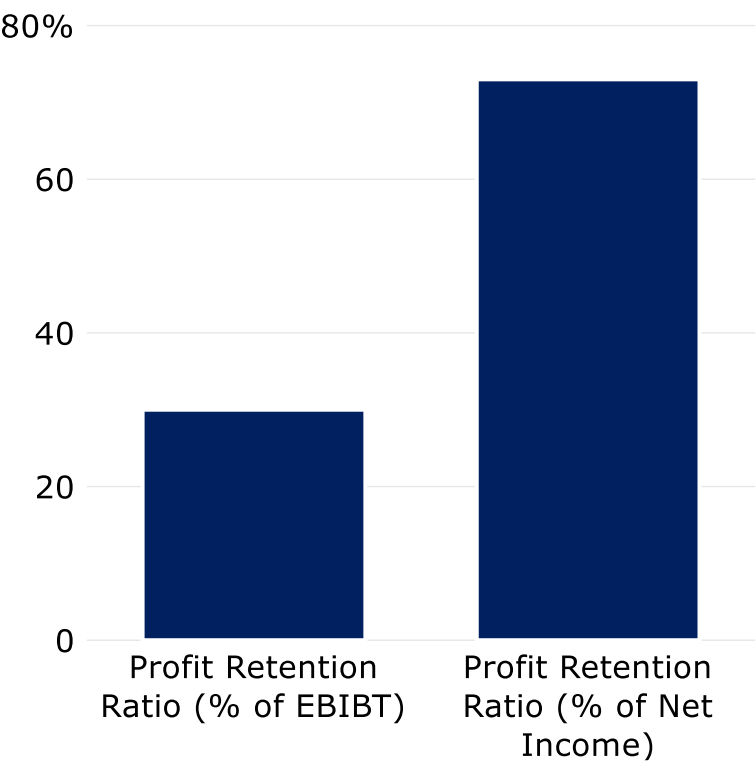
Source: 2025 CFO Survey

# Retained Earnings

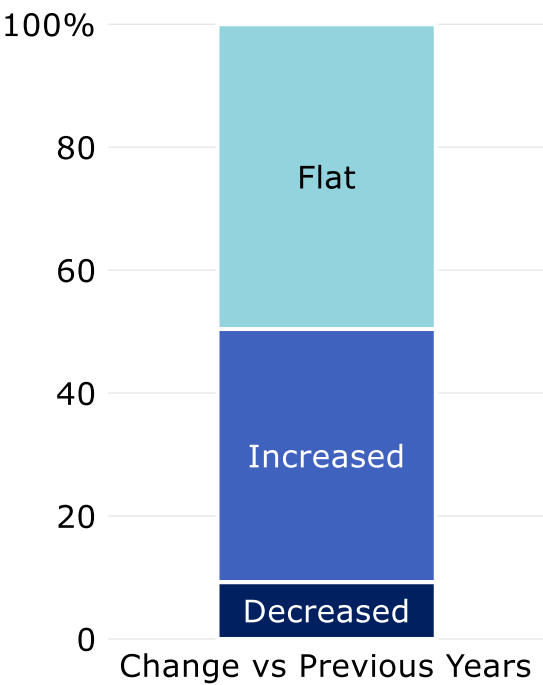
Firms target ~30% EBIBT / 70% Net Income in retained profits, with few firms reducing retained profits in 2024.

## Profit Retention

Profit Retention (Median)

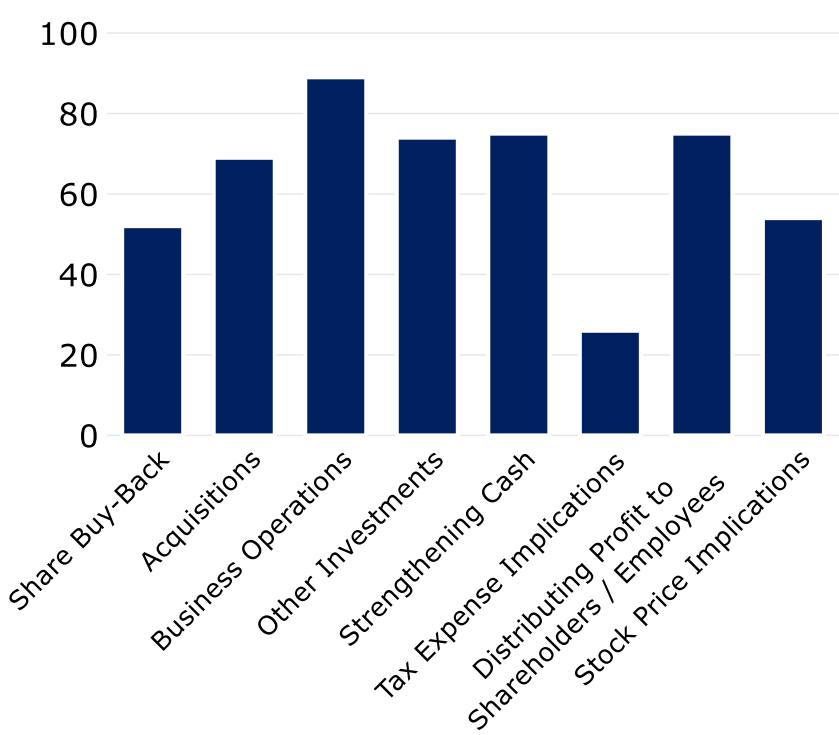


Profit Retention



## Why?

% of Firms



Source: 2025 CFO Survey



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# **EFCG 2024 Data Pack**

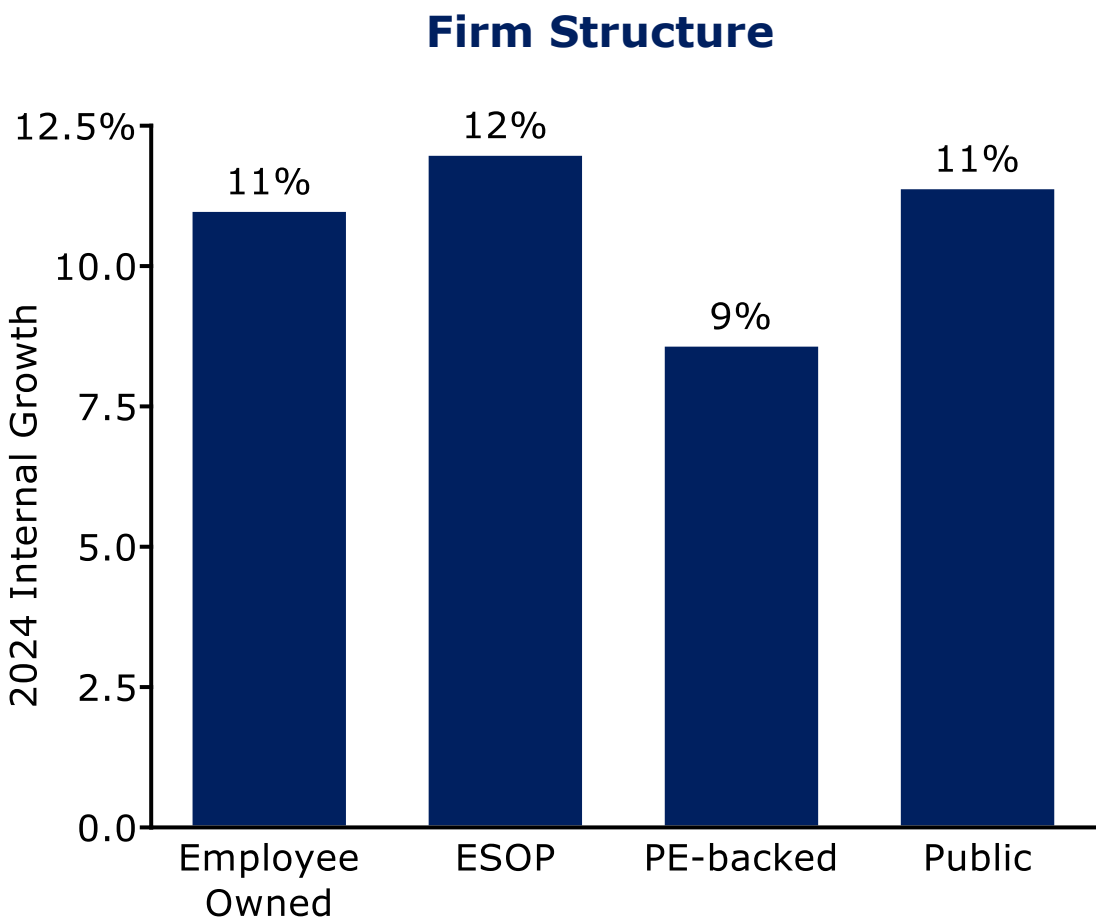
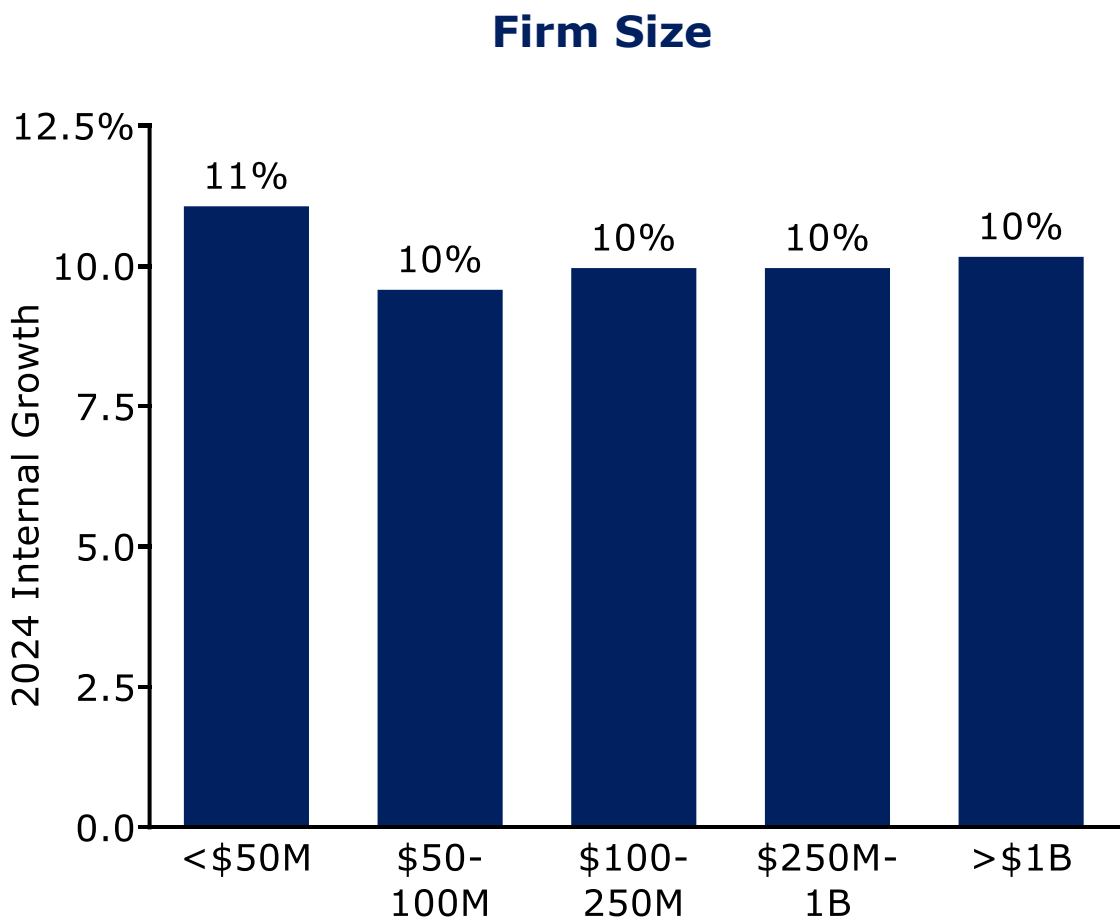
# Agenda

- 01** Growth
- 02** Profit
- 03** Multiplier x Utilization
- 04** Turnover
- 05** Working Capital
- 06** Debt
- 07** Innovation Spend



# Internal Growth (Part I)

Smaller firms (<\$50M in Revenues) and ESOPs report higher internal growth rates for 2024

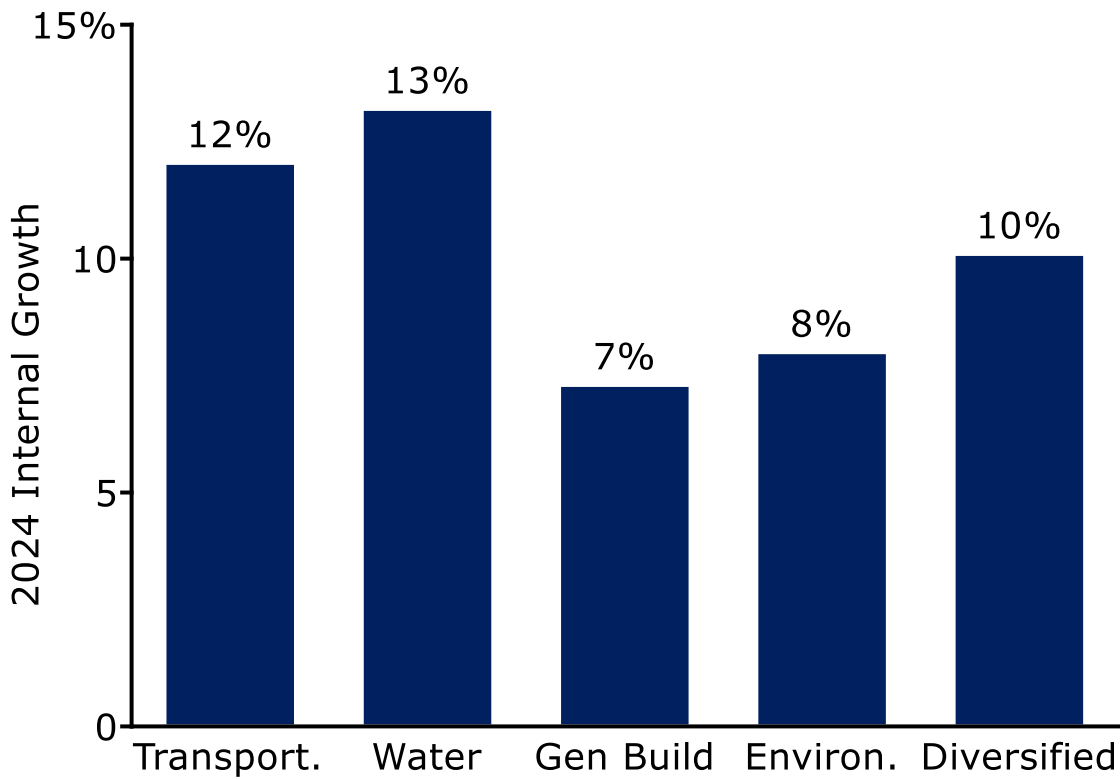


Source: 2024 EFCG CEO Survey

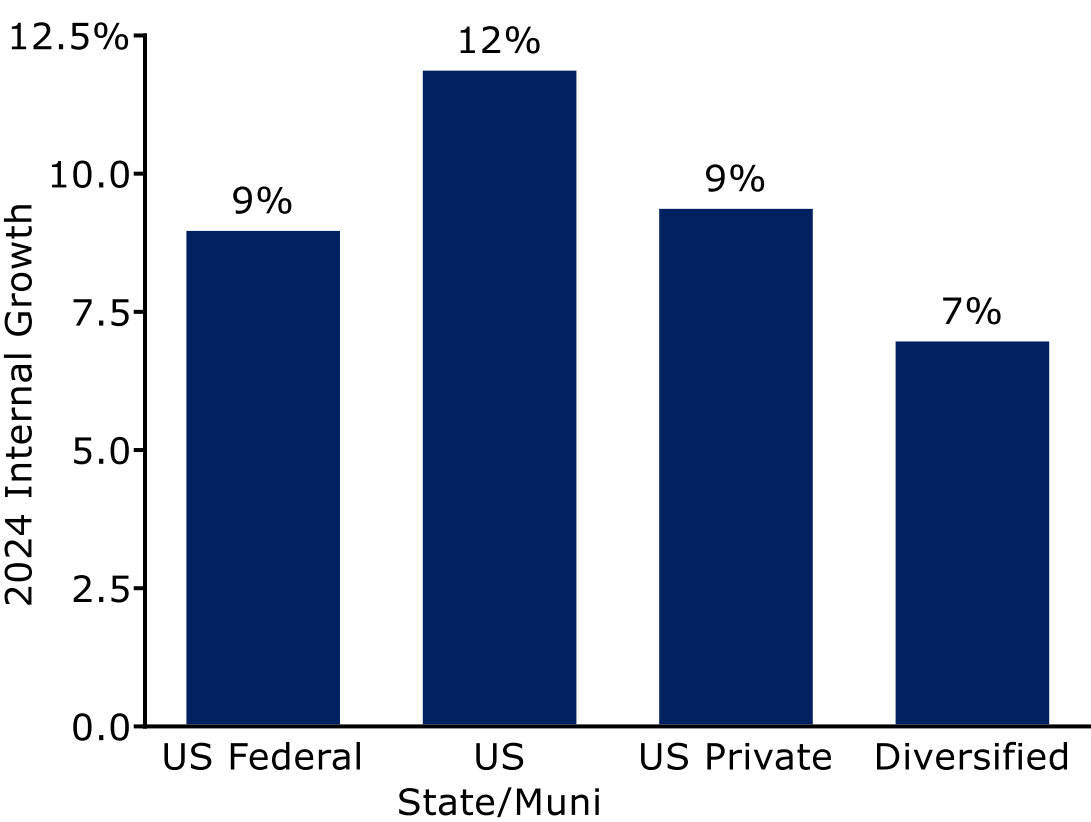
# Internal Growth (Part II)

Water and Transportation firms, and firms focused on US State/Municipal clients report higher internal growth rates for 2024

End Market



Client Type

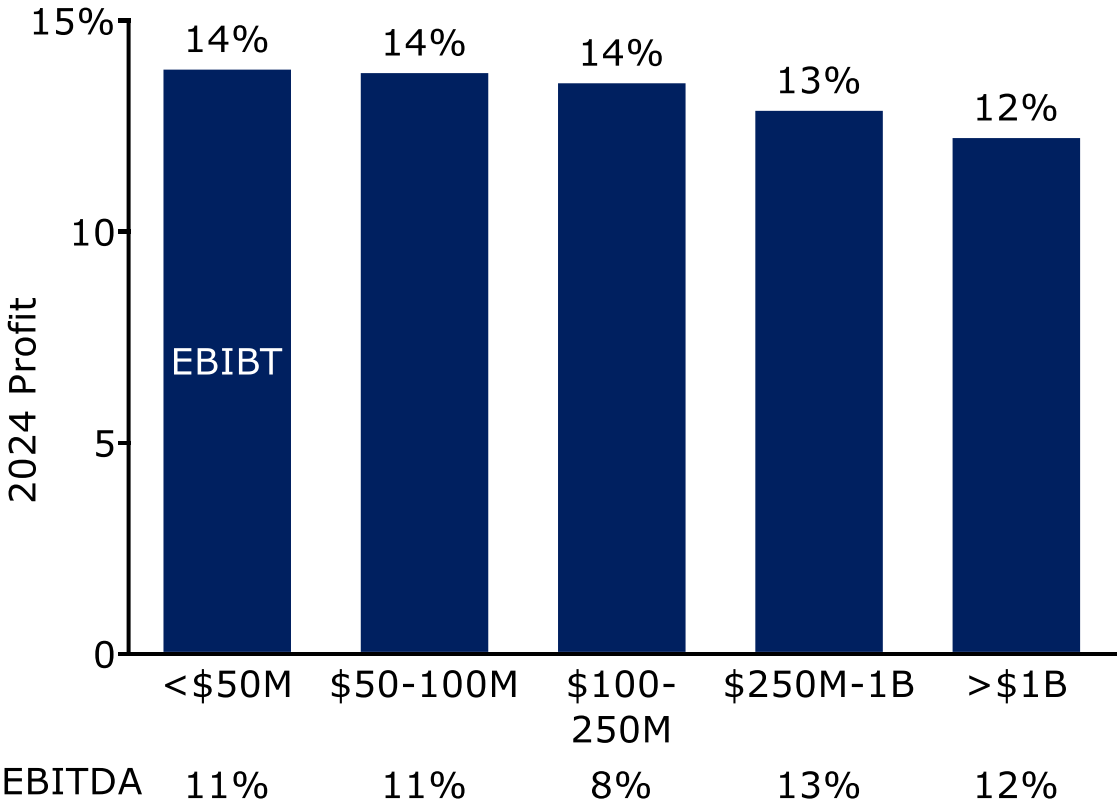


Source: 2024 EFCG CEO Survey

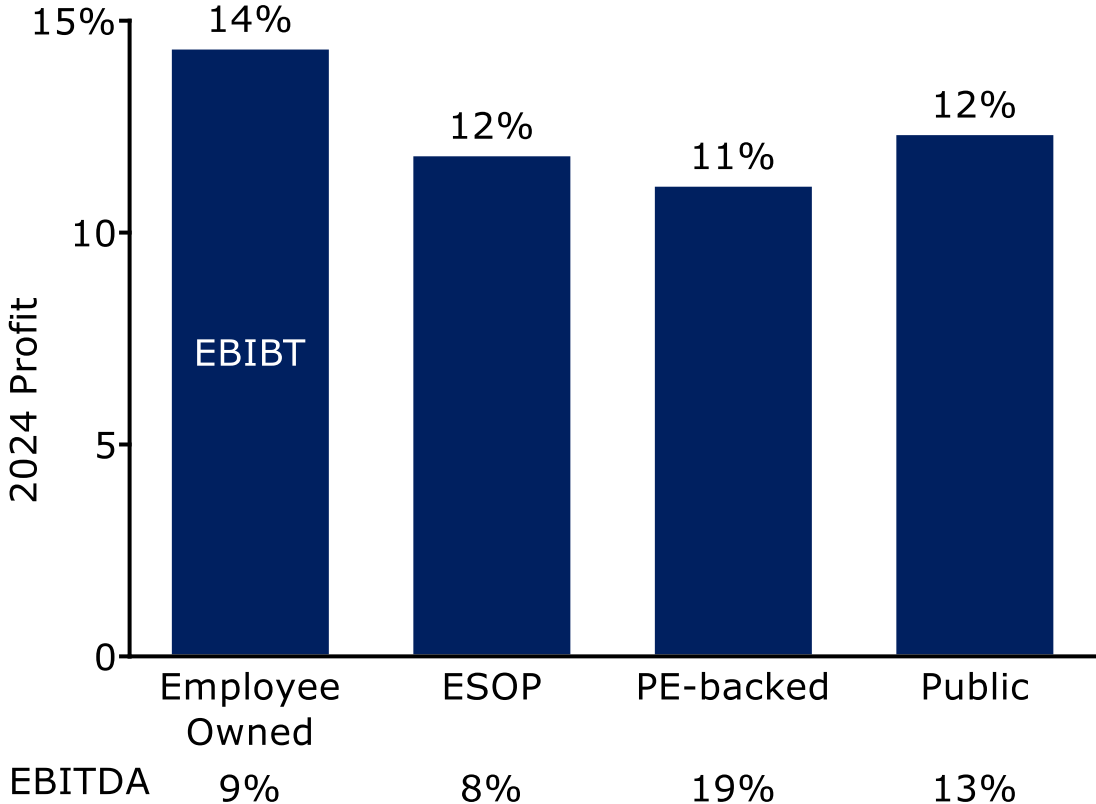
# Profit (Part I)

Small and medium sized firms (<\$1B) report higher 2024 EBIBT, as do Employee-Owned firms; PE-backed firms report highest 2024 EBITDA.

Firm Size



Firm Structure

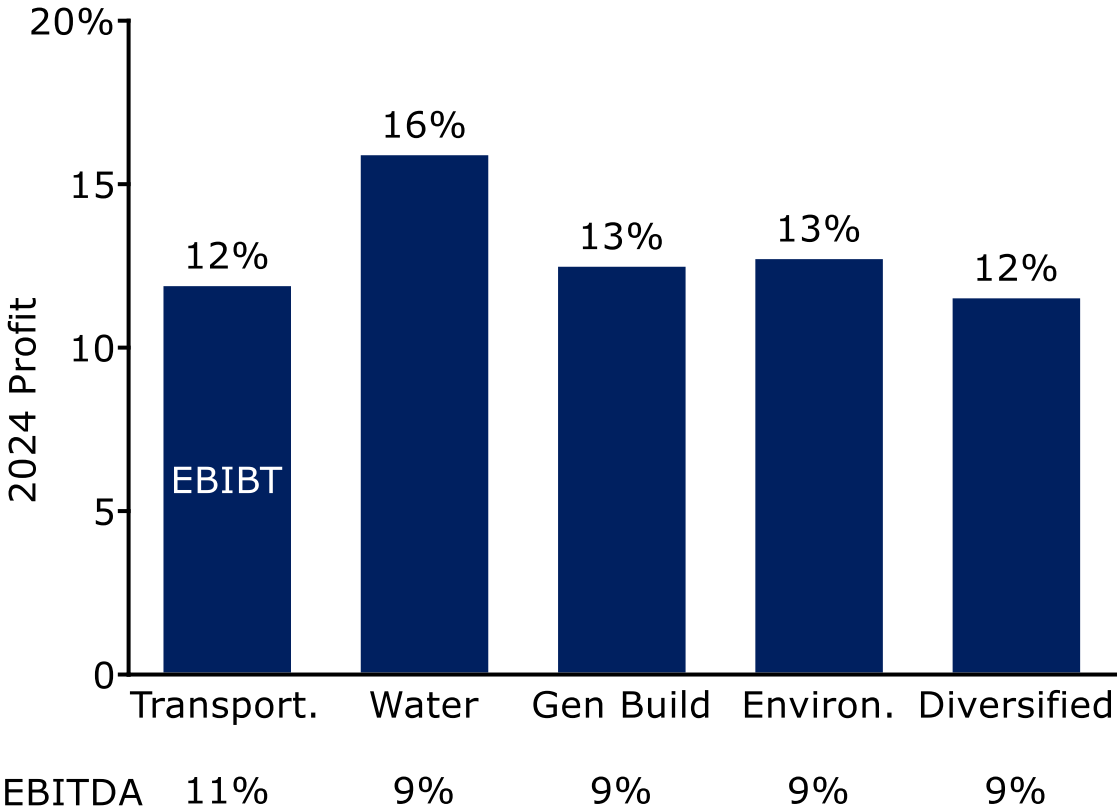


Source: 2024 EFCG CEO Survey

# Profit (Part II)

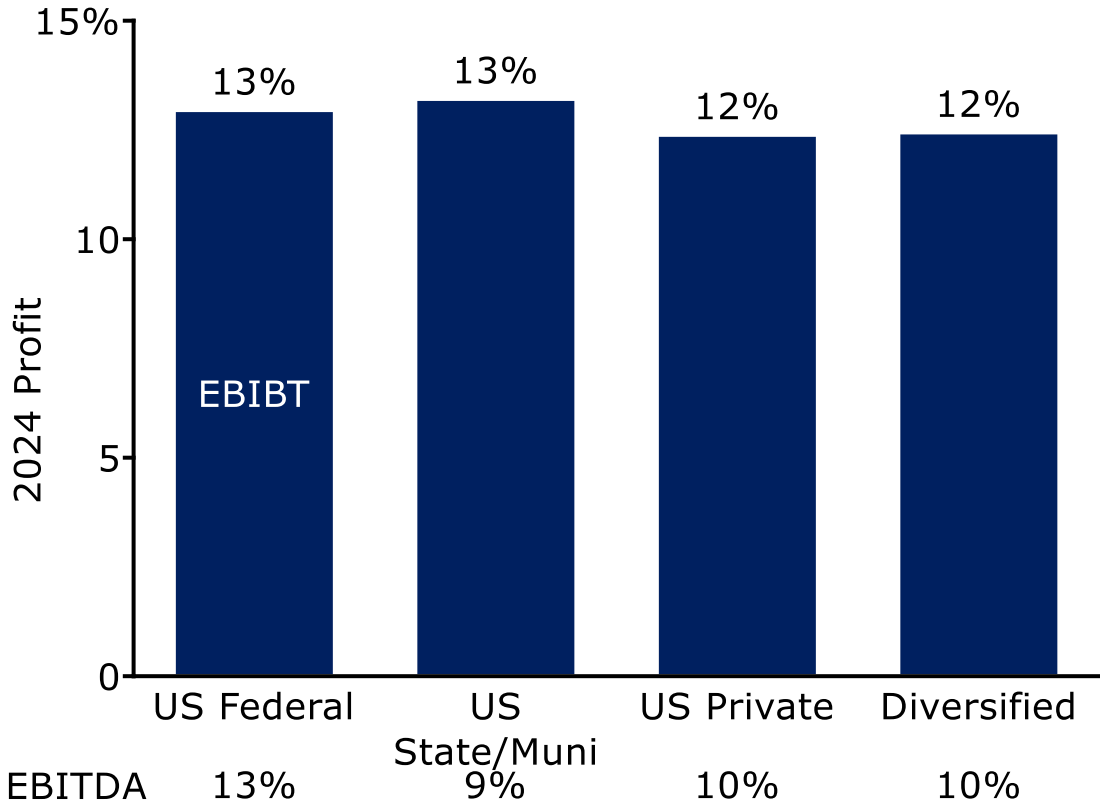
Water firms and firms focused on US Federal and US State/Municipal clients report higher EBIBT in 2024

End Market



Source: 2024 EFCG CEO Survey

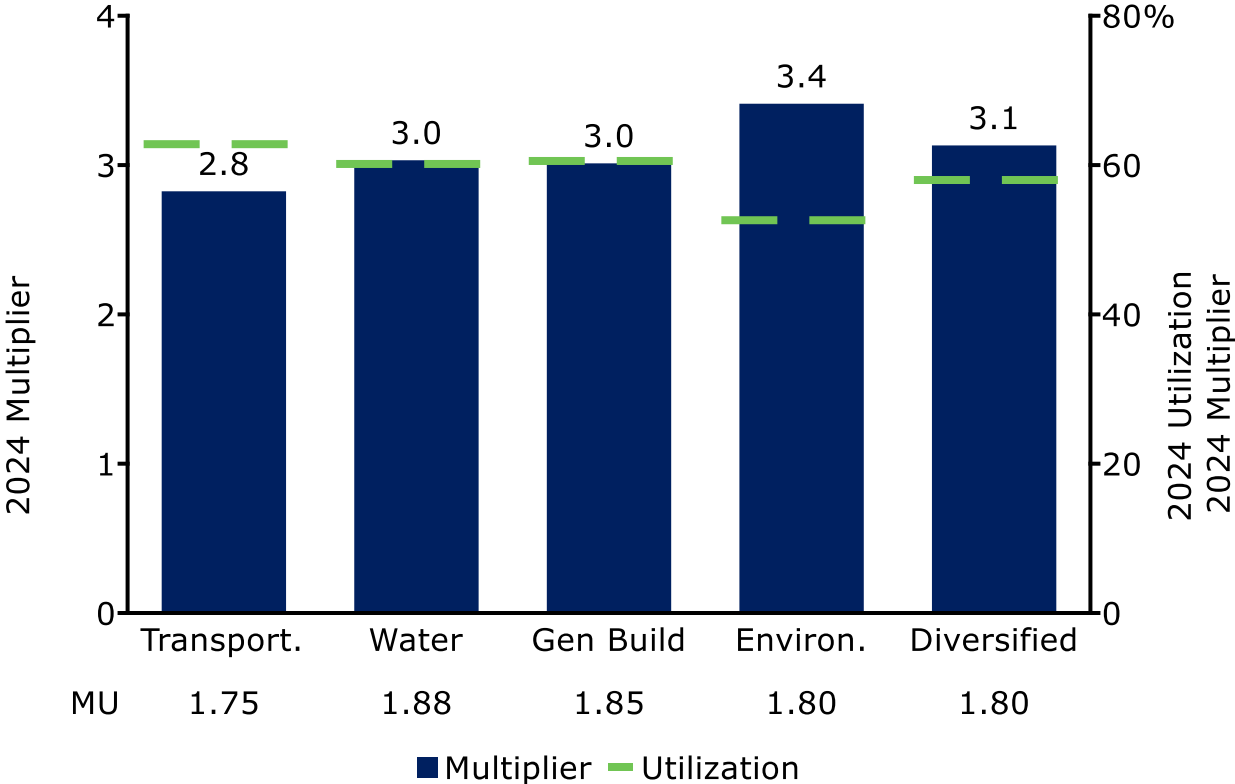
Client Type



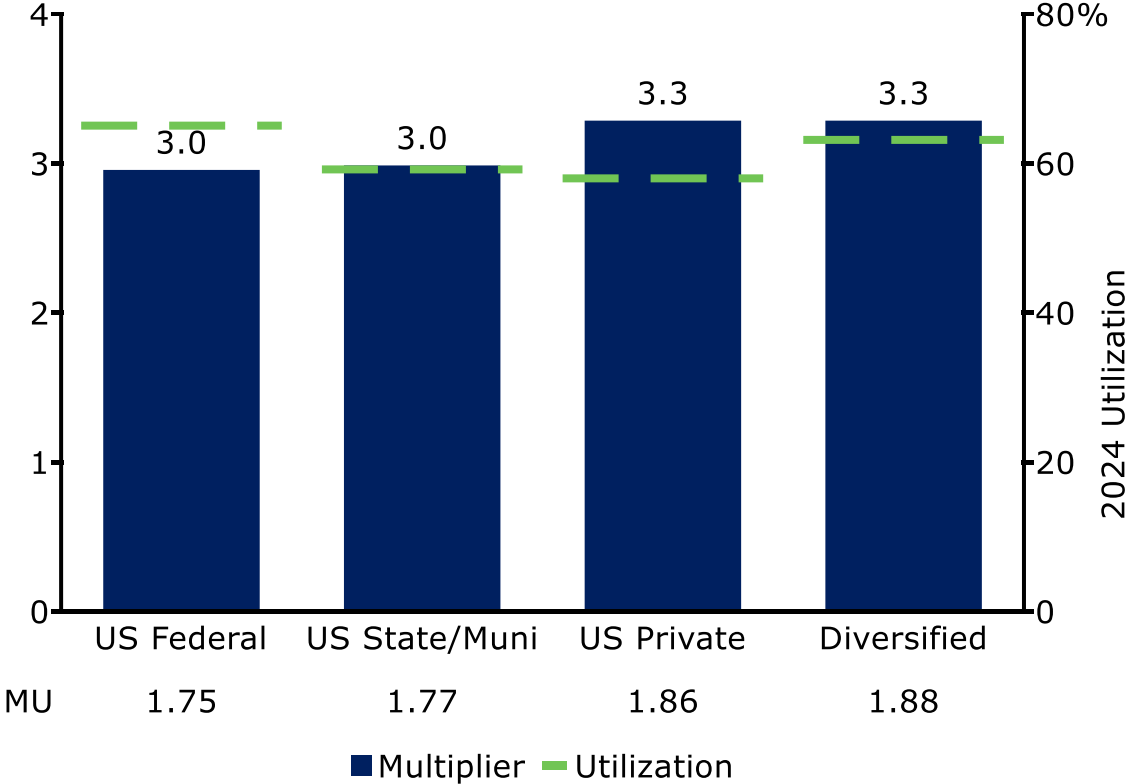
# Multiplier x Utilization

Environmental firms and firms focused on US Private clients report higher Multipliers, while Transportation firms and firms focused on US Federal work report higher utilization

End Market



Clients

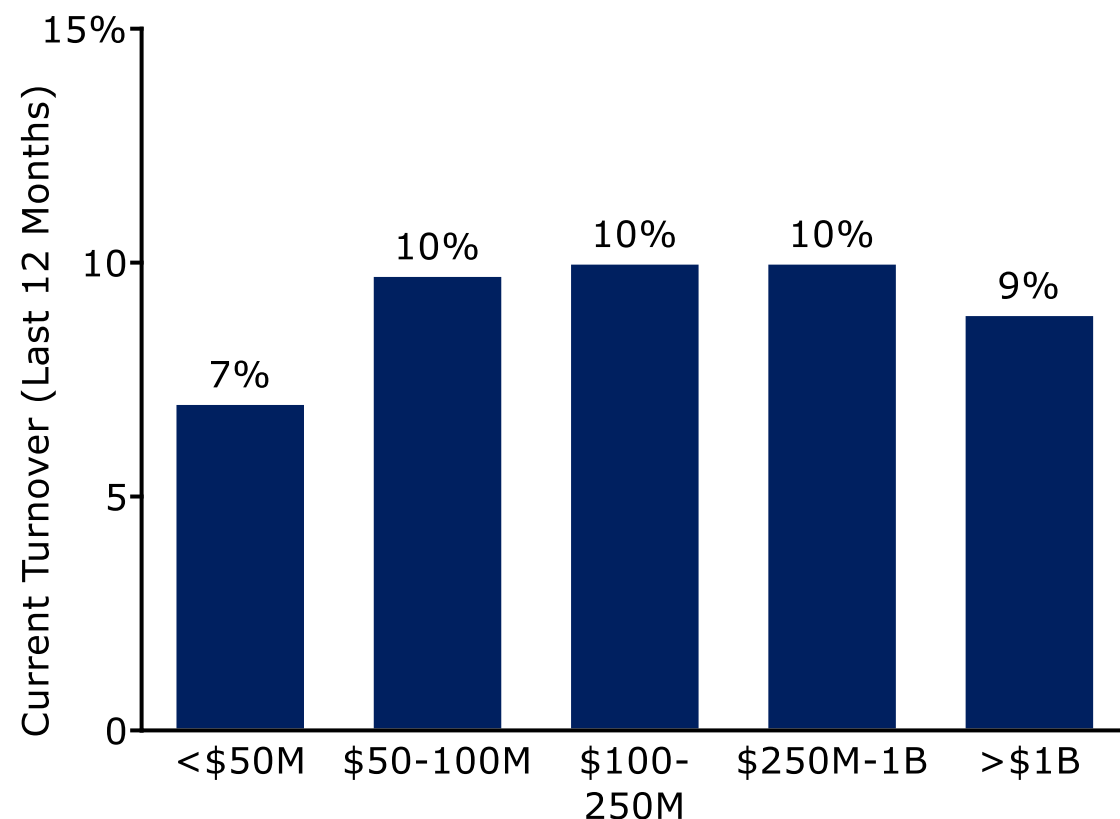


Source: 2024 EFCG CEO Survey

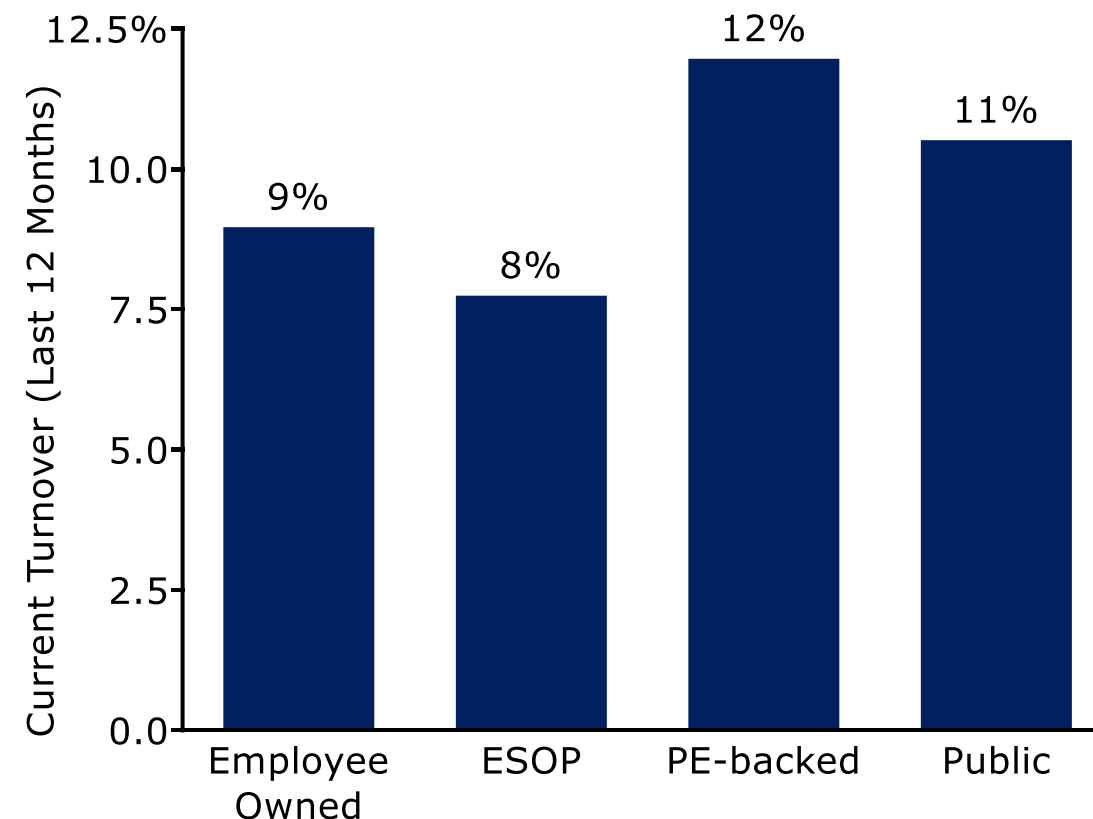
# Voluntary Turnover (Part I)

Small firms (<\$50M) and ESOPs report the lowest Voluntary Turnover, while PE-backed firms report the highest Voluntary Turnover

## Firm Size



## Firm Structure

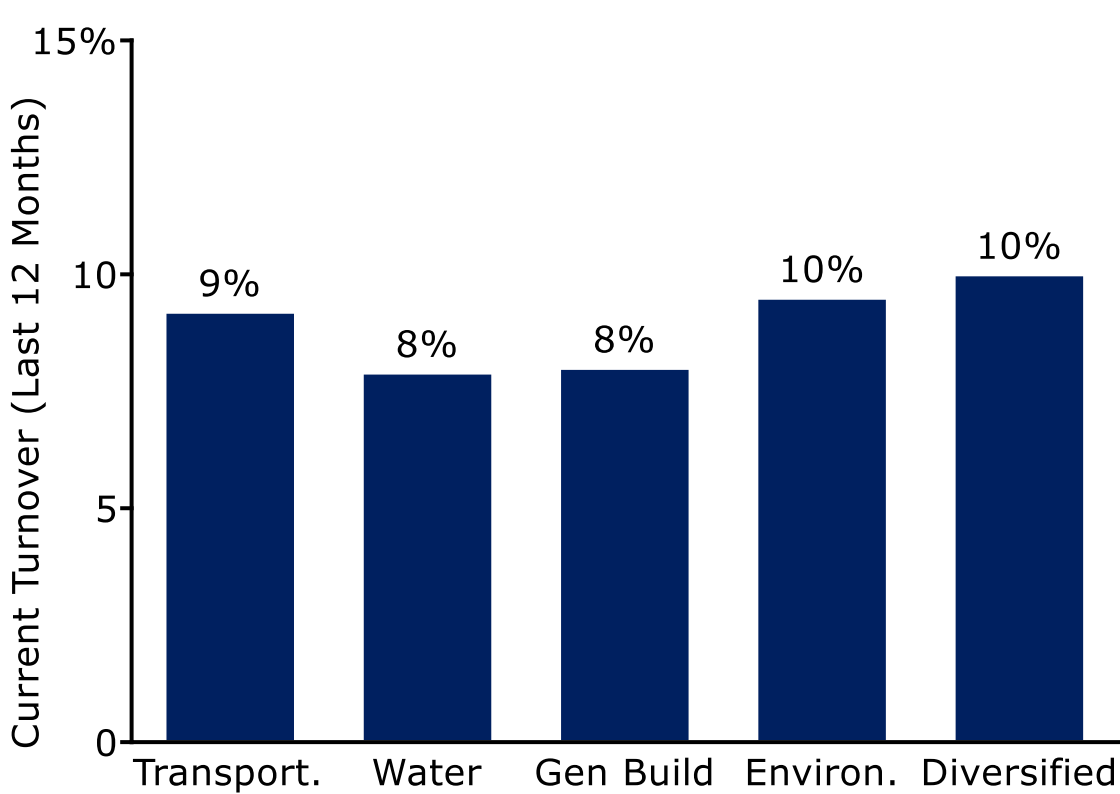


Source: 2024 EFCG CEO Survey

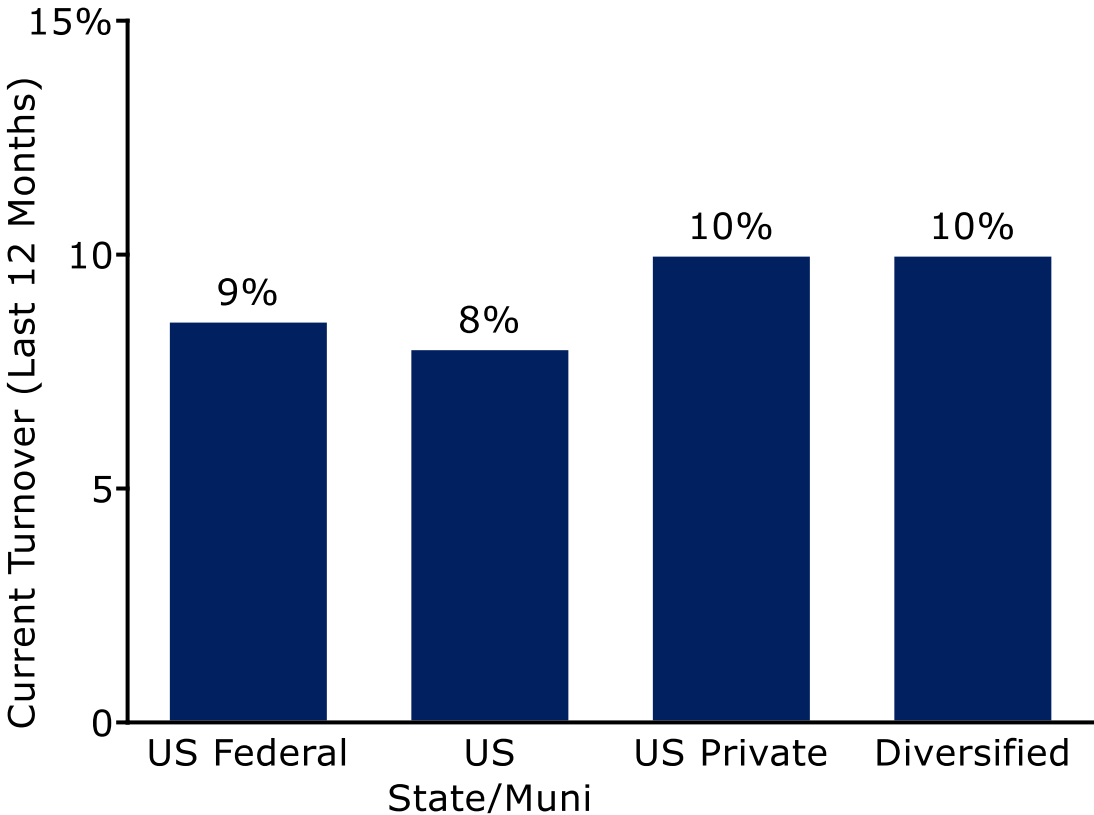
# Voluntary Turnover (Part II)

Voluntary turnover is similar across markets and clients over the last 12 months, although slightly lower for firms focused on Water/Wastewater and General Building

End Market



Client Type

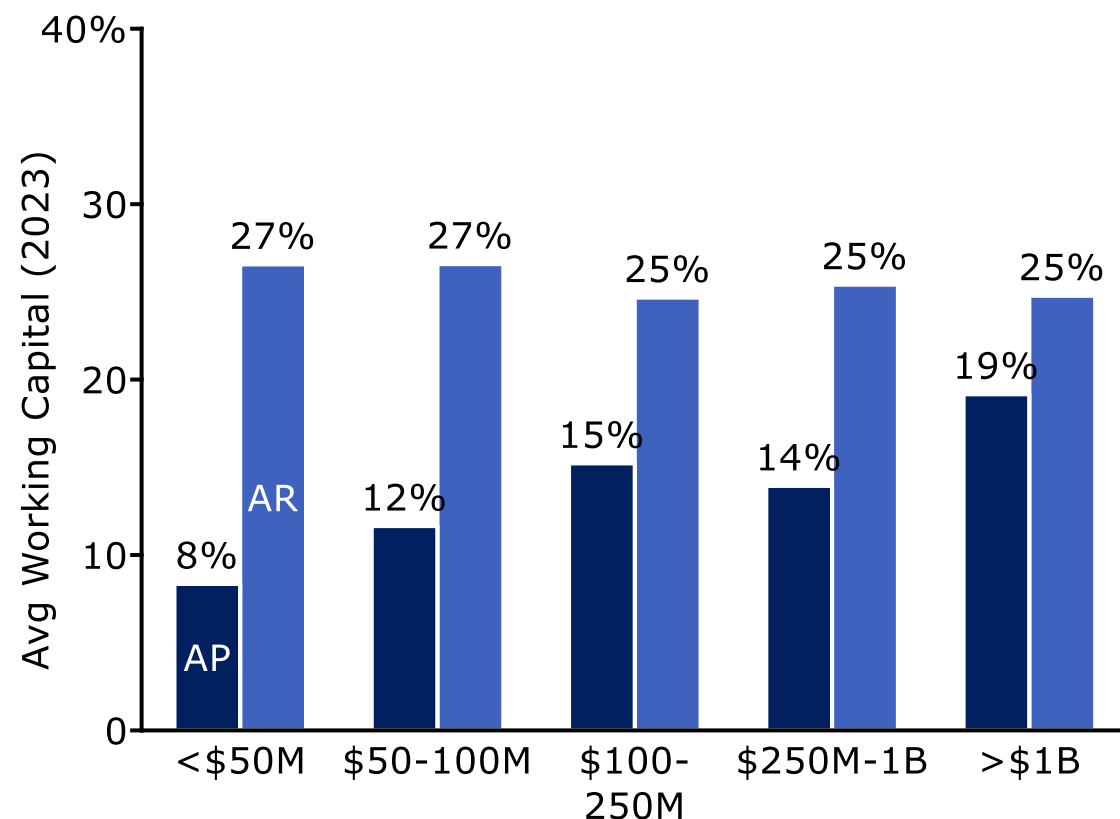


Source: 2024 EFCG CEO Survey

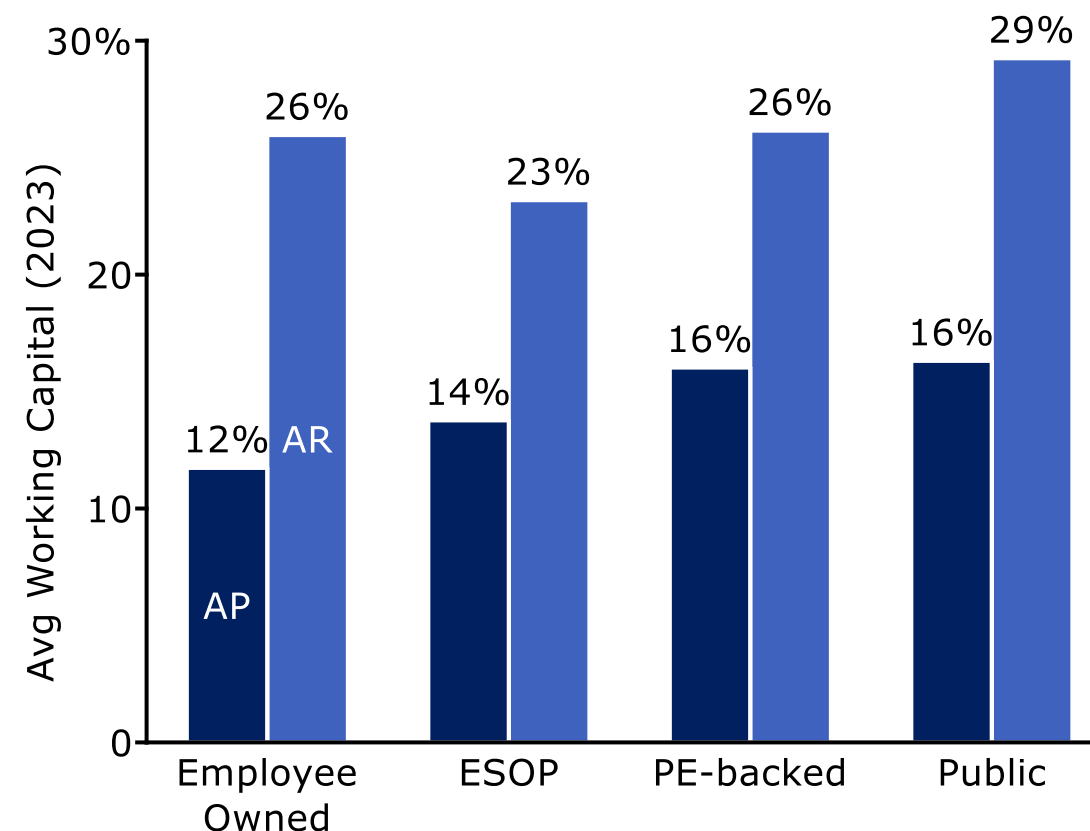
# Working Capital (Part I)

Medium and large sized firms (specifically non-publicly-traded) tend to have lower Accounts Receivable; large firms tend to have higher Accounts Payable

## Firm Size



## Firm Structure

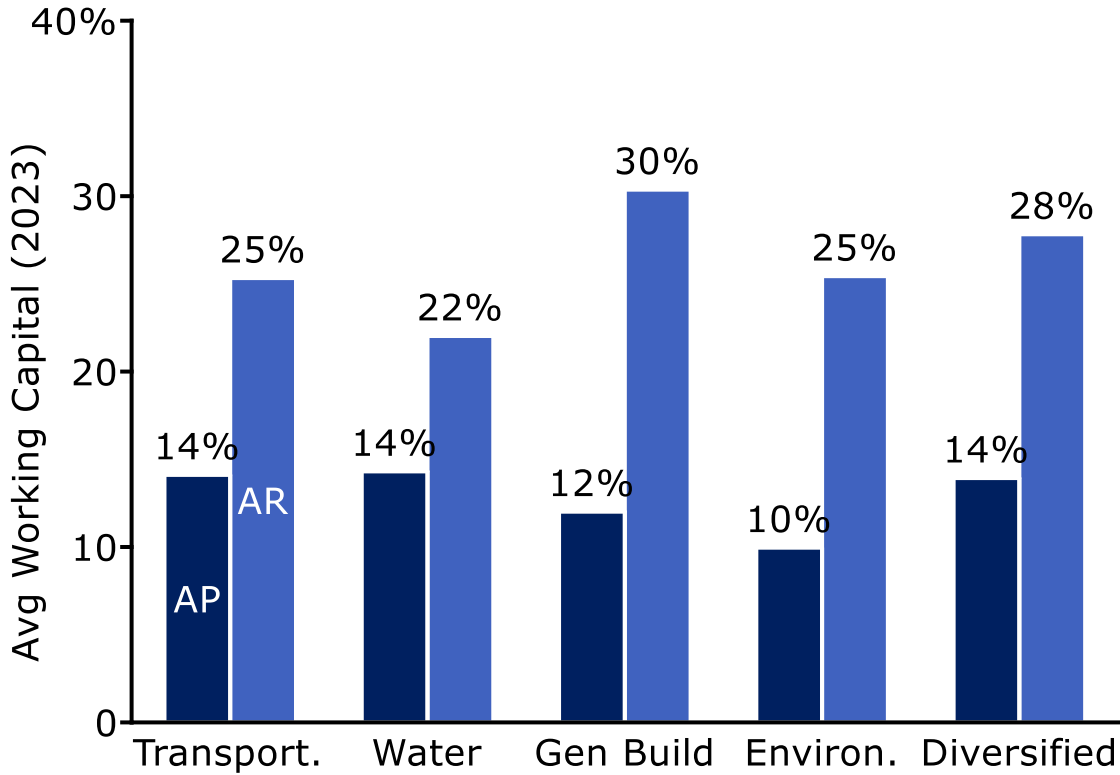


Source: 2024 EFCG CEO Survey  
Note: AR includes WIP

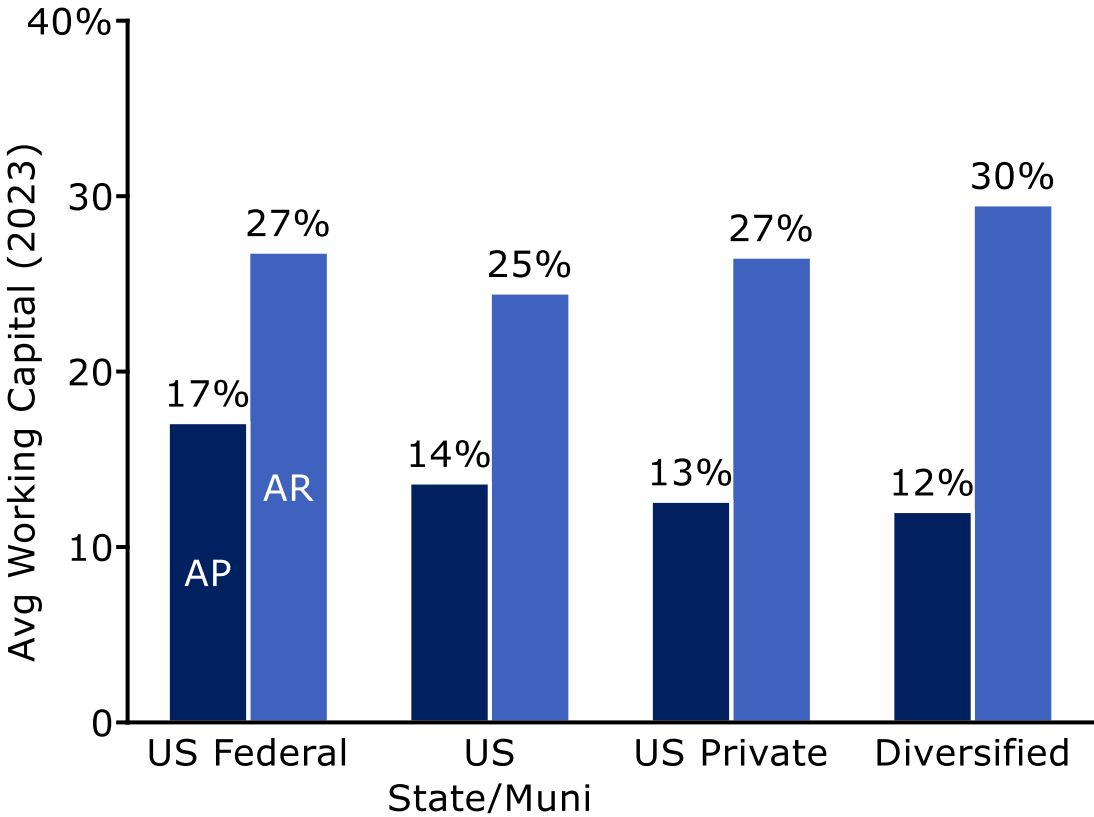
# Working Capital (Part II)

General Building firms tend to have higher Accounts Receivable than other end markets while Water firms tend to have lower Accounts Receivable; firms that serve multiple client types tend to have high AR and low AP

End Market



Client Type

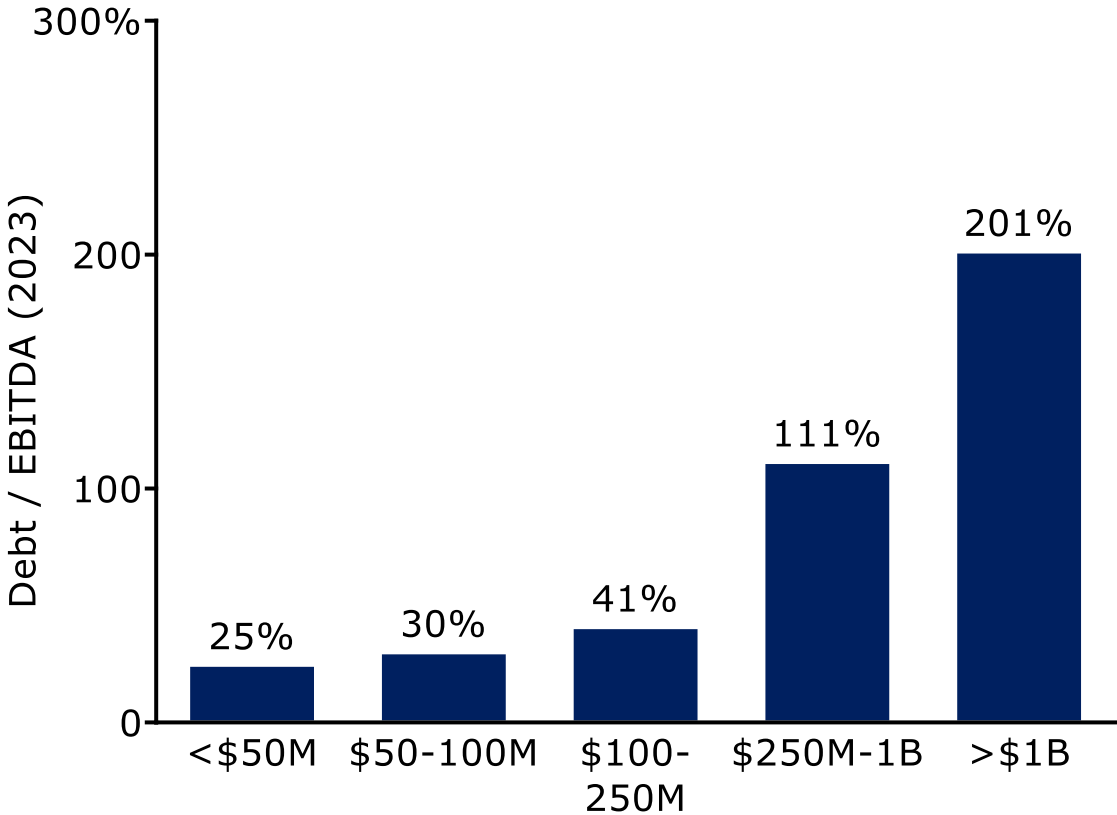


Source: 2024 EFCG CEO Survey

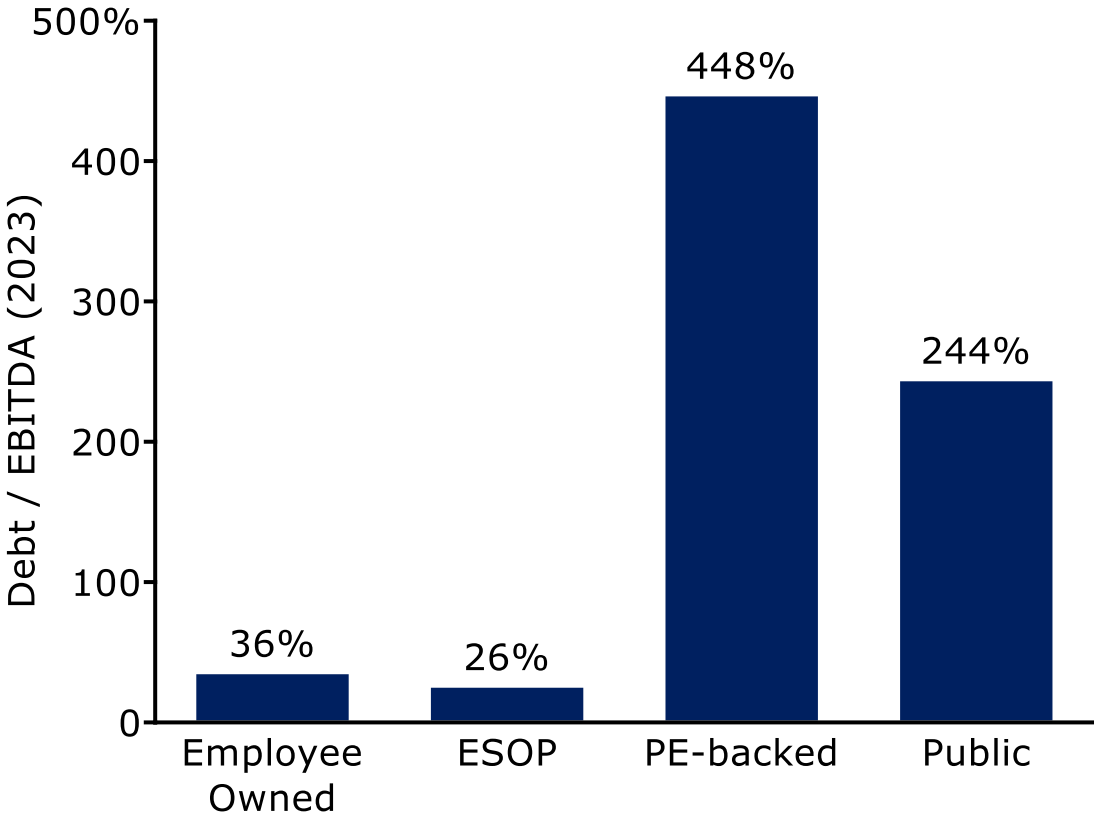
# Debt / EBITDA

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

Firm Size



Firm Structure

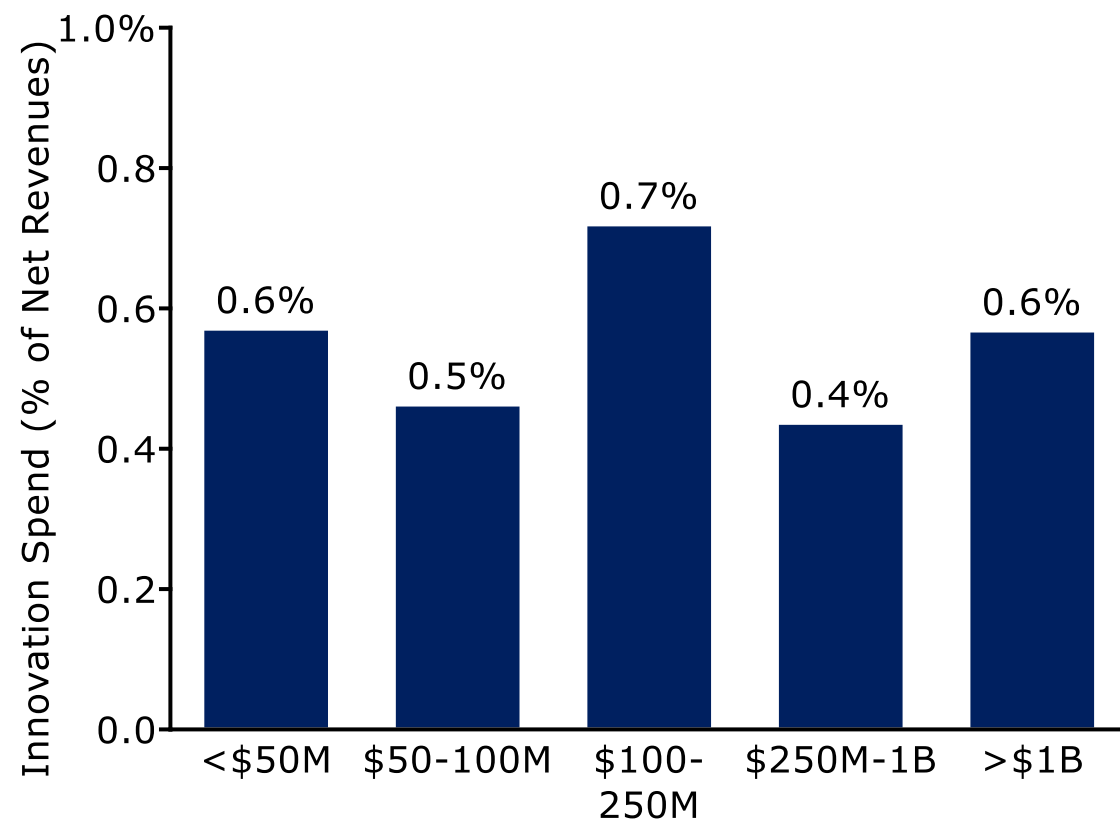


Source: 2024 EFCG CEO Survey

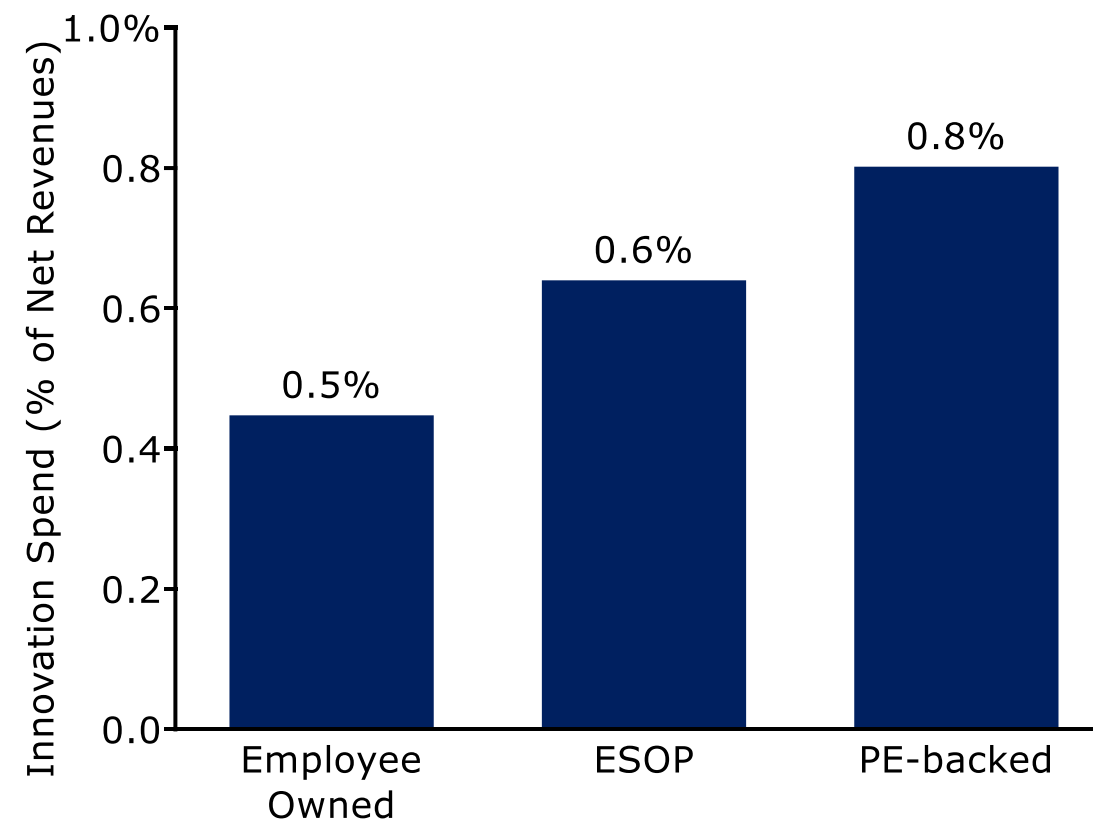
# Innovation Spend (Part I)

Regardless of size, firms tend to spend a similar percentage of Net Revenues on Innovation; PE-backed firms spend the most on Innovation

**Firm Size**



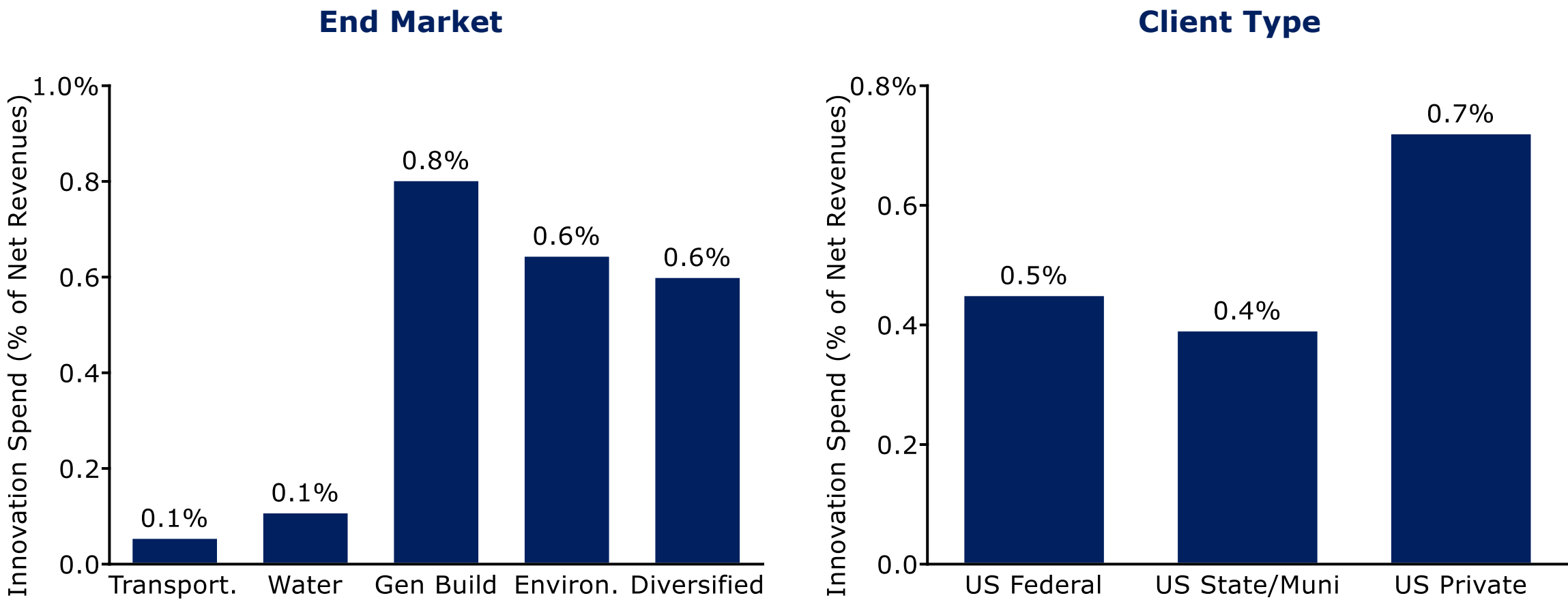
**Firm Structure**



Source: 2024 EFCG CEO Survey

# Innovation Spend (Part II)

Firms focused on General Building tend to spend most on innovation, as do firms focused on US Private clients



Source: 2024 EFCG CEO Survey