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PRESENTATION
Operator
Welcome to the ICF International first-quarter 2015 results conference call. (Operator Instructions) As a reminder, this conference is being recorded on Thursday, May 7, 2015, and cannot be reproduced or rebroadcast without permission from the Company.

And now I would like to turn the program over to Douglas Beck of ICF. Please go ahead, sir.

Thank you, operator. Good afternoon, everyone, and thank you for joining us to review ICF’s first-quarter performance. With us today from ICF International are Sudhakar Kesavan, Chairman and CEO; John Wasson, President and COO; and James Morgan, CFO.

During this conference call, we will make forward-looking statements to assist you in understanding ICF management’s expectations about future performance. These statements are subject to a number of risks that could cause actual events and results to differ materially and I refer you to our May 7, 2015, press release and our SEC filings for discussions of those risks.

In addition, our statements during this call are based on our views as of today. We anticipate that future developments will cause our views to change. Please consider the information presented in that light. We may at some point elect to update the forward-looking statements made today, but specifically disclaim any obligation to do so.

I will now turn the call over to our CEO, Sudhakar Kesavan, to discuss the first-quarter 2015 performance. Sudhakar?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO
Thank you, Doug, and thank you all for participating this afternoon to go over our first-quarter results and our expectations for the remainder of 2015. Our first quarter started slowly, but we have seen a pickup in business across several of our key markets, which gives us confidence that we will rebound strongly in the remainder of the year.
There were two main reasons why first-quarter performance came in below our expectation. The first reason was that our smaller commercial advisory businesses faced issues surrounding the timing of projects and contract postponements. This was true of aviation, commercial health, as well as part of our energy advisory business that serves the oil and gas industry.

What was unusual this quarter was that all three of these markets had a slow start. Based on our past experience, if one market was slow, the impact was offset by a strength in other markets. This time, there was unexpected slowness in all three markets. Trends in March and April improved from earlier in the first quarter and we expect continued improvement in the second quarter and sustained performance thereafter.

The second reason for our lower first-quarter results was a shortfall in international government revenues that was closely linked to the timing of the European Commission directives on communications. These were delayed because of 2014’s European Commission elections to establish a new cabinet, which occur every five years. We expect to recapture a portion of the lost revenues and margin in the second half of this year.

From a strategic perspective, our growth plan remains on course and is expected to drive better performance for the rest of the year. We had a strong showing in digital services, both from our legacy business and the contribution from our Olson acquisition, which is now integrated into one operating group.

A key strategic initiative that we discussed when we acquired Olson was to build a business development program around ICF’s comprehensive digital services capabilities, where we can use our scale and proven success in consumer engagement as a competitive differentiator. We have combined our legacy commercial digital services business with Olson to form the digital services group, with a staff of almost 1,000 employees.

John Partilla, the incoming CEO of Olson, is leading the group. He is actively involved in bringing the full complement of digital technology and marketing services to our combined client base. We have recently hired some staff – senior staff in the account management and sales functions, as I had stated we would do when we announced Olson acquisition, to provide additional resources for growth.

I'm also pleased to report that we’ve already achieved some early successes from this integration process in the first quarter. For example, we were able to cross-sell communication strategy work to an existing commercial client.

In addition, Olson’s momentum platform, which has the ability to deliver SMS or text messaging across telecom carriers, is now providing that service to one of ICF’s federal government clients. Also, there’s joint collaboration underway with respect to proposals, to utilities, healthcare providers, airports, and certain state agencies.

This reflects close collaboration across several of ICF’s disciplines and illustrates the ways in which digital services expertise will further shape our commercial and government growth profile in the near future. In addition to successful cross-selling, the digital services group had a strong sales quarter and added new clients in the areas of consumer and financial, health, technology, and professional services.

We also saw steady performance in our federal government business in the first quarter, and an expansion of our backlog to $1.8 billion from $1.6 billion year ago as well as a significant increase in funded backlog to 46% from 42% of total backlog. These results were aligned with our expectations and reflected growth in revenues in those areas where we are known for our domain expertise in scale, such as energy, environment, health, and IT services.

Based in our current visibility, we believe that our federal government business will be slightly up this year compared to the expectation for flat or slightly lower revenue that we had three months ago.

State and local revenues increased 9.3% and accounted for 10% of revenues. We had expected comparisons to reflect a falloff in Superstorm Sandy work -- related work beginning in this year’s second quarter, but now believe we will only see this in the third quarter. And on another positive note, we now believe that state and local revenues will be flat to slightly higher for full year 2015.
We see ICF diversified mix between commercial and government clients across key subject matter areas as providing significant potential for future revenue growth and margin expansion. We accelerated the development of our commercial business three years ago in the face of federal government spending headwinds that we expected would continue to cause contraction among service providers.

However, we remain committed to our government business, representing an important part of our portfolio, as it is comprised of long-term contracts that bring visibility and revenue and earnings along with reliable cash flow. Additionally, we are well positioned to benefit from any upturn in this market, given our existing contract mix across a broad range of civilian agencies.

To sum up, the first quarter was a period of mixed results. Lower-than-expected revenues led to low utilization and consequently, a decline in profitability. For the remainder of this year, we are confident we can achieve the EBITDA margin expansion that we guided to and lower double-digit revenue growth.

At this point, I would like to turn the call over to John Wasson, who will provide additional details on our first-quarter results, sales wins, and business development pipeline. John?

John Wasson - ICF International, Inc. - President and COO

Thank you, Sudhakar, and good afternoon. We had a slow start in the first quarter, as Sudhakar discussed. However, commercial revenues increased 48% in the first quarter to $102 million and accounted for 37% of total first-quarter revenues, up from 28% in last year’s first quarter, driven by the almost fourfold increase in digital services due to organic growth and the Olson acquisition.

We also did well with respect to commercial contract awards, which amounted to $117 million for the first quarter, up 60% year on year and representing a book to bill ratio of 1.15. ICF won more than 800 commercial projects in the quarter.

As Sudhakar also mentioned, our digital services business was very active on the business development front. It added new loyalty customer programs for a national restaurant chain, a designer eyewear company, and an international retailer, and a major hotel company.

And won three contracts to provide public relations and marketing support for a large brewery, a major soft drink company, and a multinational confection company. In addition, there are significant joint sales efforts in a variety of areas, including health, both commercial and federal, aviation, and energy.

To better reflect this evolving mix of our customers, we have added a new fourth market in our quarterly reporting called consumer and financial. The consumer and financial market includes commercial customers who deliver products and services primarily to consumers in areas such as retail and distribution, health, media, and financial services.

All this new market previously was part of a broader legacy health market category. You will note in the last page of today’s earnings release that this category currently represents 14% of our total revenue, up from 7% last year, primarily because of the Olson acquisition. We have also changed the name of our public safety and defense market and renamed it safety and security to more accurately reflect the nature of our client base.

Turning to our energy efficiency business, we again had some sizable wins, including a $16 million contract with a major US utility in the Midwest to support energy efficiency programs with a full suite of implementation services. And two others worth an additional $5 million, supporting residential energy efficiency programs in the central part of the US.

I should also note that one of our larger energy efficiency clients in the Midwest decided to unbundle their umbrella contract to have a second supplier. With this unbundling, ICF retained approximately 50% of the contract. The net reduction of revenue going forward associated with this outcome means that our energy efficiency revenue will be flat this year.

Based on our pipeline, we expect to continue to grow energy efficiency in the next 12 months to 18 months, particularly as the proposed EPA Clean Power Plan is implemented in the coming years. The final ruling is expected in mid to late summer.
In our US federal government business, we saw low single digit growth in the key areas of our domain expertise where we have scale. Over the past year, one of the areas that has declined for us is safety and security, previously known as public safety and defense, which we now believe will be roughly flat for the remainder of the year. The net result will be that the federal government revenues will be flat to slightly up for the next three quarters.

On the sales front, we had considerable federal government award flow this quarter, with nearly 100 awards that were diversified across nearly all of our federal clients. The largest federal award was a $19.4 million information technology contract extension with the US Department of State’s Bureau of Consular Affairs to provide support to the Consular Systems and Technology Division in eight program areas.

ICF has been supporting this Bureau for the past five years, in critical areas such as IT governance and enterprise architecture, risk passport and visa systems, and this represents an important extension of that work.

At the state level, we also had a significant award of a $6.4 million modification to an existing program support contract with the state of California to develop a web-based assessment tool, support the state’s welfare case managers in working with some 280,000 clients, more than one-third of the nation’s caseload. As Sudhakar noted, we now expect state and local revenues will be flat to slightly higher for 2015.

Europe also had a good sales quarter. And their largest contract awards included a $7.5 million marketing and communications support contract for the European Direct network, supporting European Union information centers in all 28 EU countries. These centers provide information and documentation about EU activities.

A second award -- nearly $7 million -- was to assist the EU in providing public employment information, sharing of best practices across all the 28 member countries in each of their official languages.

In addition to a strong sales quarter, our pipeline remains solid, at $3.5 billion. It includes 27 opportunities greater than $25 million and 65 opportunities greater than $10 million. Finally, our turnover was again a low 3.3% for the first quarter and it translates into 13.4% at an annualized rate.

With that, I will now turn the call over to our CFO James Morgan his financial review. James?

James Morgan - ICF International, Inc. - EVP and CFO

Thanks, John. Good afternoon, everyone. Total revenue was $273.5 million in the first quarter or 11.6% above last year’s first quarter. Service revenue increased 14.9% to $210.3 million.

As expected, Q1 2015 international revenues were affected by the strengthening of the US dollar, particularly against the British pound, the euro, and the Canadian dollar, which reduced first-quarter reported revenues by approximately $3.2 million.

We are pleased to report a year-over-year increase in gross margin due mainly to the higher mix of our more profitable commercial business. First-quarter 2015 gross margin was 39.8%, an increase over the 37.3% reported in the first quarter of last year.

Indirect and selling expenses for the first quarter were $84.8 million, a $15.2 million year-over-year increase in indirect and selling expenses resulted from acquisitions of Olson, Mostra, and CityTech as well as lower staff utilization.

Operating income was $16 million for this year’s first quarter, down 4.1% year over year. Adjusted to exclude the amortization of intangibles related to the acquisition of Olson, operating income was $18.8 million, 12.8% above the similar period last year and notably ahead of our revenue growth rate for the first quarter.

Reported EBITDA was $24.1 million for the quarter, 11.3% higher than the $21.7 million reported in last year’s first quarter. EBITDA margin was 8.8% for the first quarter of 2015, consistent with the first quarter of last year.
Adjusted EBITDA, which excludes acquisition-related expenses and special charges related to office closures, was $24.5 million or 9% of revenues. This performance was 10.1% higher than the $22.2 million adjusted EBITDA reported in last year’s first quarter.

Depreciation and amortization expense was $3.8 million, up from $3.1 million in 2014’s first quarter. The amortization of intangibles was $4.3 million in the first quarter of 2015, up from $2 million in 2014’s first quarter. Both year-over-year increases were primarily due to the acquisition of Olson.

The effective tax rate was 40% for the quarter as compared to 38.9% reported in the first quarter of 2014. We still expect a full-year tax rate of 38% or below.

Reported net income was $7.9 million or $0.40 per diluted share for the first quarter of 2015. Non-GAAP EPS, which excludes amortization of intangibles as well as acquisition cost and costs related to office closures, was $0.54 for the first quarter of 2015 as compared to $0.55 in the prior year.

This quarter, we reported cash used in operating activities of $23.3 million compared to cash used in the first quarter of 2014 of $12 million. Cash used in operating activities was adversely affected by the timing of certain contract receivables, payables, and accrued salaries and benefits. We still expect our full-year cash flow from operating activities to be in the range of $90 million to $100 million.

As a result of the temporary billing and collection timing issues, days sales outstanding for the quarter were 79 days as compared to 74 days at the end of 2014. As a reminder, we anticipate the year-end DSO to be in the 72 to 77 day range, including the impact of deferred revenues. Capital expenditures for the first quarter were $3.3 million.

We repurchased 30,400 shares in the first quarter. As stated previously, we intend to make share repurchases in 2015 at a level to offset the dilution caused by our employee incentive programs to maintain fully diluted weighted average shares of approximately 20 million for the year. We are currently forecasting full-year depreciation and amortization expense to be in the range of $17.5 million to $18.5 million.

Consistent with our prior guidance and based on our current portfolio business, we are forecasting amortization of intangibles of $17.2 million, full-year interest expense to range from $9 million to $10 million, and as I mentioned earlier, we expect the full-year tax rate to be no more than 38%. Also, consistent with prior guidance, capital expenditures are anticipated to be in the $18 million to $20 million range.

With that, I would like to turn the call back over to Sudhakar.

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

Thank you, James. In summary, today’s release includes our full-year 2015 guidance, revised to reflect the slow start in the first quarter. We lowered revenue guidance by $15 million, of which approximately two-thirds was related to lower pass-through revenue. At the midpoint of $1.185 billion, this represents year-over-year revenue growth of 12.8% compared to our original number of 14.3%.

Non-GAAP EPS guidance range is $2.68 to $2.83. We believe results of the remaining three quarters of this year will reflect average EBITDA margin levels of 10 to 10.5%, progressively improving throughout the year. Also we reaffirm our operating cash flow estimate of $90 million to $100 million for the full year.

Operator, we would now like to open the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Bill Loomis, Stifel.
Bill Loomis - Stifel Nicolaus - Analyst

Thank you. Can you clarify on commercial overall and then in digital what the organic growth rates was for both of those in the quarter?

James Morgan - ICF International, Inc. - EVP and CFO

We're not giving -- we don't have organic growth rates for commercial -- for digital? So if you look at -- I can give you organic growth rates for commercial overall. If you look at the -- for the entire Company. Is that what you are referring --?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

He wants the commercial growth -- organic growth rate for digital.

Bill Loomis - Stifel Nicolaus - Analyst

Right. Organic growth rate for commercial, overall Company, and then specifically the organic growth rate for digital -- i.e., trying to understand what it is with -- if we put Olson -- let's do it this way. If you add Olson in both periods, like the old pooling of interests, what would that organic growth be for digital only?

James Morgan - ICF International, Inc. - EVP and CFO

Yes, so I mean -- you want to do it?

John Wasson - ICF International, Inc. - President and COO

Yes, this is John Wasson. The numbers I have, I would say that our -- the legacy digital business, excluding Olson, was in the -- possibly about 11%. 11% to 12% organic growth range. And then obviously, we have the deals and acquisition.

I don't have an Olson organic growth number in front of me. And then for the overall commercial organic growth, I think it was flat to down slightly?

James Morgan - ICF International, Inc. - EVP and CFO

Yes, overall, organic commercial growth for the Company was slightly down by or -- little over 1%, 1.5%. But then if you take -- part of that is impacted by FX and part of it is impacted by we were looking at -- as you know, we announced last time the closing of the -- winding down of the Brazilian office.

So if you take those into account, the organic commercial growth overall is roughly flat, slightly down. But it's somewhere around a half point down, basically. And then if you look at the digital interactive business organically, as John said, that's in the -- around 11% -- 11%, 12% range is where that is.

Bill Loomis - Stifel Nicolaus - Analyst

Great. And then just on the delays in the international. I didn't quite understand -- you talked about timing on the European election and I know in the press release, you said you will recoup this later in the year.
Can you just clarify that a little more? Why the delay on international? And how exactly -- I assume this is going to the labor-based, so how you recoup that? You can only works in many hours a week. I'm just trying understand that better.

Sudhakar Kesavan: ICF International, Inc. - Chairman and CEO

Yes, I think that the -- what I was trying to say was that the election was held sometime in September of last year. By the time the cabinet was put in place, they spent a lot of money in the first quarter because -- going up to the election. And by the time the cabinet was put in place, the spending priorities were not put in place quickly enough.

So I think in the first quarter, the instructions didn't come to do things which would normally come in the course of the year, because this is a whole new set of people who had come into office.

So the one thing which I would just point out is that the European business makes money both from pass-through revenues as well as service revenues. So some of the pass-through work and some of the communications work, which they normally do in the first quarter, they did not do.

And therefore that, as they do in subsequent quarters in some of the pass-through revenue and some of the labor revenue, we will see a ramp-up of that work and therefore we will get back some of that in the course of the year. So some of the spending will come back in terms of the communication work, the pass-through spending, which I said was about two-thirds of the $15 million reduction. That will come back, and we will also get some of the labor revenue back.

Bill Loomis: Stifel Nicolaus - Analyst

Okay. And there's no issues on execution or any performance issues on that international program?

Sudhakar Kesavan: ICF International, Inc. - Chairman and CEO

No.

John Wasson: ICF International, Inc. - President and COO

There's no execution or performance issues. And I think we have the -- we will have the labor and the capacity with our existing staff to up the utilization to deliver -- to make up this work once it comes in. I'm not concerned that we can't. We won't have the staff time to make it up, but we will be able to do that.

Bill Loomis: Stifel Nicolaus - Analyst

Okay, thank you.

Operator

Edward Caso, Wells Fargo Securities.

Edward Caso: Wells Fargo Securities, LLC - Analyst

Good evening. Just a follow-up on Bill's question. I don't think I heard the organic growth rate -- rough organic growth rate for the whole Company.
James Morgan - ICF International, Inc. - EVP and CFO
The organic growth rate for the entire Company was actually also similar to what it was for commercial. So it was roughly down by 1%, 1.5% range.

Edward Caso - Wells Fargo Securities, LLC - Analyst
Okay. And then -- and that would make it very slightly down, excluding the FX?

James Morgan - ICF International, Inc. - EVP and CFO
Exactly.

Edward Caso - Wells Fargo Securities, LLC - Analyst
Okay. The tax rate was high in the first quarter, but I think I heard you say for the whole year, you expect it to be a little bit below 38%. What happened in Q1?

James Morgan - ICF International, Inc. - EVP and CFO
Really, what it is is that if you look at our statutory rate, it's closer to what we recorded in Q1. What happened to that is that we book the discrete tax items at the point in time that we file the related tax returns, and typically that's not happening until later in the year. So for the full year, we expect to still be at roughly 38%. That's just the timing of when we are filing the returns.

Edward Caso - Wells Fargo Securities, LLC - Analyst
Okay. And the FX impact that's three-whatever million it was. $3.2 million. How much of that was anticipated at the time of your guide? How much additional surprise was there from the FX? You didn't really allude to it in the commentary, so it made it sound like it wasn't a surprise to you.

James Morgan - ICF International, Inc. - EVP and CFO
Yes, no, it wasn't. It's pretty much aligned with what we were anticipating at the point in time we gave guidance.

Edward Caso - Wells Fargo Securities, LLC - Analyst
Okay. Great. Thank you.

Operator
(Operator Instructions) Tim McHugh, William Blair & Company.

Tim McHugh - William Blair & Company - Analyst
Just want to ask more about the healthcare and I guess broadly the commercial sector. Can you help us quantify how much better did it get as the quarter went on and into the second quarter I guess (inaudible) and just give us more comfort around why it changed? I will leave it at that.
Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

Yes, I think that -- let me just put it broadly, that utilization rates went up from the beginning of the year towards the end of the quarter by 4 percentage points. So I think that as we started off the year in January at one utilization rate and by the time we ended March, the utilization rate was up by 4 percentage points.

And it is -- we see continued increase in utilization rates. So that gives us comfort that those areas -- the utilization rates are coming up and therefore the profitability is increasing.

Operator

Pardon me, Tim, your line is still open on our end. Perhaps you’re muted on your end?

Tim McHugh - William Blair & Company - Analyst

Yes, sorry. On the energy efficiency contract that got unbundled, what is the risk that you see that elsewhere and what led the customer to do that?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

We in fact talked about that with our energy efficiency guys. We haven't heard anything from any of the other customers. As you know, we just won a very large BG&E contract last year, which was the third time we won it -- again fully bundled.

So certain customers I think have other considerations, because they are a reasonably large contract. Almost $30 million or so. They split it up and they might have some other -- we don't really know what the motivation is. They might have other multi-(inaudible) considerations or whatever. But they wanted additional people and that's what they did.

John Wasson - ICF International, Inc. - President and COO

But this is the only customer where we've seen this, Tim. And we haven't heard -- there haven't any other dialogue from customers that give us indication that this where the market is going.

Tim McHugh - William Blair & Company - Analyst

Okay. And I guess -- I'm trying to look at the organic. What was the contribution from Olson this quarter?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

The organic growth rate we gave you was the legacy organic growth rate number. So we basically did not include any Olson revenues in there.

John Wasson - ICF International, Inc. - President and COO

The thing I would say about Olson is I think for the first quarter, Olson performed according to plan and as expected. There were no surprises in terms of Olson's performance. I think they performed as planned in the first quarter.
Tim McHugh - William Blair & Company - Analyst

Okay, all right. Thank you.

Operator

(Operator Instructions) Stefan Mykytiuk, ACK Asset Management.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

I guess a couple questions. Can you just talk about whether you've seen a change in the federal environment in terms of award -- you've obviously had very strong awards, so -- and now you're saying revenues could be flat to up instead of previously, you had talked about them being down a bit.

So is something changing in terms of the speed at which awards convert to revenue or what's going on there?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

Yes, as I mentioned -- as I said, yes, we think that there is a little more normality to the backlog going into revenue. When we talked the last time, obviously we were still hesitant to say that there was going to be any significant change, but we see some green shoots, so we're a little more optimistic now than we were two or three months ago.

So certainly, I think we have the backlog and we have the contracts, but the situation has been -- the things have been slow to convert, but now we see that the conversion is improving and in our main areas, of course, we see some growth.

I think we also see that some of the safety and security work has flattened out, in our case. And therefore, there is no reduction -- net reduction in revenues therefore. And therefore, basically the numbers are up.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

Okay. And the federal -- was it the federal awards were $266 million? Was that the right -- am I getting the right number?

James Morgan - ICF International, Inc. - EVP and CFO

No, that's total.

John Wasson - ICF International, Inc. - President and COO

That's total.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

Total. What was -- do you have the federal awards?
John Wasson - ICF International, Inc. - President and COO

Federal awards, roughly $80 million. And I think we've reported the commercial in my remarks. $117 million.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

Okay. And so the federal was $80 million of awards against $126 million, so like a 0.6 or 0.7 book to bill, which I guess is pretty good for Q1.

John Wasson - ICF International, Inc. - President and COO

It's typical -- yes, that's typical. I think usually, Q1 is one of our slower sales quarters.

James Morgan - ICF International, Inc. - EVP and CFO

Yes. To put that in perspective, Q1 of last year, I think federal awards were only around $35 million.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

Okay. And then James, I think at the midpoint, you took the EBITDA guidance down about $5 million, $6 million. And you kept the cash flow from operations guidance of $90 million to $100 million.

So is there something else -- is there working capital changes that are benefiting you or what's the -- how come the free cash stays pretty much the same?

James Morgan - ICF International, Inc. - EVP and CFO

Yes, we do believe we will have a little bit of a benefit more in the working capital changes and just as far as how we can manage the receivables on our EP positions. So we still feel comfortable that we can get in the $90 million to $100 million operating cash flow range.

Stefan Mykytiuk - ACK Asset Management, Inc. - Analyst

Okay. And any change in terms of the priority for use of the cash? Just deleverage?

James Morgan - ICF International, Inc. - EVP and CFO

No, not at the moment. It's currently still focusing on trying to deleverage is the primary use. And obviously, if we have a -- find the right opportunity from an acquisition perspective, we will pursue that. But it needs to be the right strategic fit and at the right price.

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

And the third, we will buy back stock as we've been doing to make sure there is no dilution.

James Morgan - ICF International, Inc. - EVP and CFO

Right.
Okay, terrific. Thanks very much.

Operator

Tobey Sommer, SunTrust Robinson Humphrey.

Tobey Sommer - SunTrust Robinson Humphrey - Analyst

Thank you. On the energy efficiency side, I was wondering if you could give us an update, since we're getting closer, I think, to the award opportunities and contract opportunities in California. And then I am interested in your perspective on the developments with the EPA and in regulation of greenhouse gases. Thanks.

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

As we said, there was going -- [there will be] decision sometime in the midsummer, a decision by EPA and then they will be reaching some co-challenges to that. So it will take some time -- I think 12 months subsequent to that before they put it in place. We still think that there will be some sort of program which we put in place, because the program has been designed with a number of major stakeholders involved, which include industry as well as NGOs as well as the government.

So I think it's all proceeding at an expected rate. So I think -- so the time frame for that that we will know a lot more about once EPA comes out with its rules in midsummer. And then depending on what the court actions are or they aren't, we will know more about that time frame. So I think that that is I think to your point about the EPA regulations.

I think on the California contracts, I think that there are -- there are three major utilities in California. I think to the schedule -- for what we know the schedule is late 2015 and 2016, one of the larger utilities has moved the schedule from late 2015 to late 2016. So we are following that closely and we are keeping tabs on what's going on there in terms of their putting out the work.

John Wasson - ICF International, Inc. - President and COO

And I would just add, I mean, I think in terms of the energy efficiency pipeline, I think we are -- still have a robust pipeline kind of in the neighborhood of three times our efficiency revenue in the $300 million range. And so it's still a robust pipeline and there's certainly awards that we expect this year.

Tobey Sommer - SunTrust Robinson Humphrey - Analyst

Is that an area where you'd look to apply capital? Can you consolidate that? Are you kind better off just competing for the work?

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

I think we have certainly looked quite hard at seeing what we can consolidate. I think that we see -- the opportunities we see are very small entities and we have tried in the consolidation over the last few years to do some consolidation. It's hard to do these smaller deals because the companies have a certain emotional involvement with the business and the valuation is not quite right for us.
So I think that we have tried, but there are no entities of any significant size which we can look at which is of interest to us. So I think that has been -- but we are always looking to see what there is and what could potentially be done. So we are keeping our eyes and ears open and we certainly look to see what we can do.

Tobey Sommer - SunTrust Robinson Humphrey - Analyst

Has the change in energy prices impacted the business? Either energy efficiency or other areas of the energy market that you touch?

John Wasson - ICF International, Inc. - President and COO

Well, I think it certainly has impacted our advisory energy business. We do have a oil and gas practice that provides advisory services, market analysis, financial due diligence, analyzes derivative markets, like liquefied natural gas.

So they do that for pipeline companies. And I would say with the price of oil going down to $40, we really saw that market freeze in the first quarter. So certainly, the slowdown in our commercial advisory business has been around the pipeline companies impacted by the price of oil.

Now I will say in the last several weeks, with the price of oil rising, we've seen that market improve. We've submitted a $2.5 million -- roughly $2.5 million of bids in the last several weeks to pipeline companies or related parties in the oil and gas market.

So -- and that's one of the reasons we have confidence that things are improving in that market. And so yes, certainly in -- the price of oil has impacted our energy advisory business -- the pipeline at the intersection of oil and natural gas.

Tobey Sommer - SunTrust Robinson Humphrey - Analyst

Okay. I'm curious just about the general esprit de corps since the Olson acquisition. Any kind of comments or color you could provide that would convey what the integration has been like would be helpful.

John Wasson - ICF International, Inc. - President and COO

I think the integration has been actually quite good. I think the new digital services group, which includes the Olson folks and our technology business, are quite excited by the scale that we now have in that group and by the opportunities to cross-sell in each of their client bases.

I was with them yesterday. We were having a one-day meeting in Austin, Texas, to get the leadership of that new digital services group together. And I would say the energy level and the excitement was really quite strong.

I think they are -- they really think that now that we have this integrated end-to-end capability in the Company, from digital strategy to the creative to the technology side, that we can really be a significant player in this market.

And so I think there's tremendous energy, there's a lot of optimism, and we are -- as Sudhakar mentioned, we are starting to bid and win new work that neither set of companies would have won independently. So I actually think that's been going terrific and we are quite optimistic about it.

And you can see from the first-quarter results, we obviously have had certainly -- continue to have strong organic growth in our legacy digital business. And Olson did certainly essentially what was on plan for Q1. So they certainly met our expectations.

Tobey Sommer - SunTrust Robinson Humphrey - Analyst

Thank you very much.
Operator

(Operator Instructions) And I see we have no further questions at this time. I will now turn the call over to management for closing remarks.

Sudhakar Kesavan - ICF International, Inc. - Chairman and CEO

Thank you very much for participating in today's call. We will speak with you again at upcoming conferences and our next call to review Q2 results. Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.