

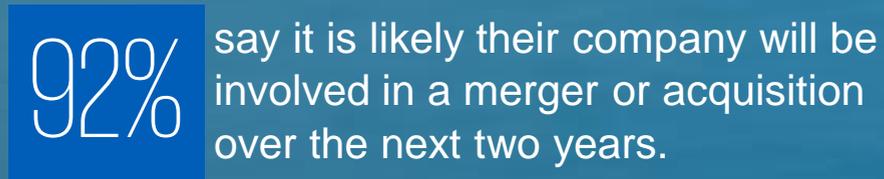


# 2016 Energy Business Outlook

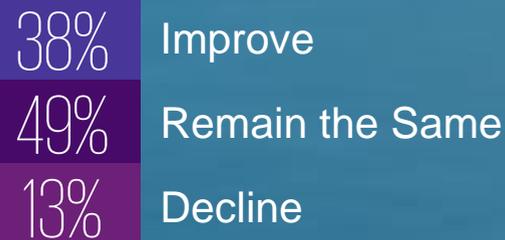
## Oil and Gas Key Findings

The KPMG Energy Business Outlook, which reflects the viewpoints of senior energy executives in the United States, found that continued volatility in commodity pricing is requiring them to focus more closely on growth strategies and changing their business models.

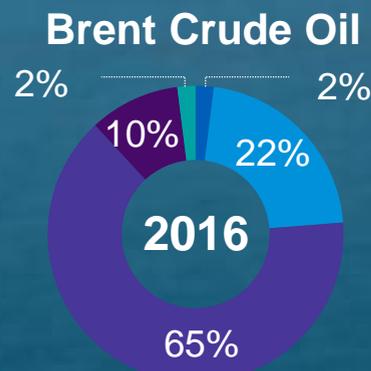
### Adapting to the New Environment



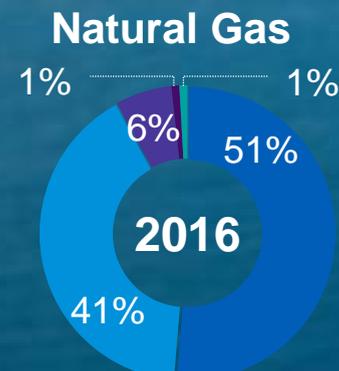
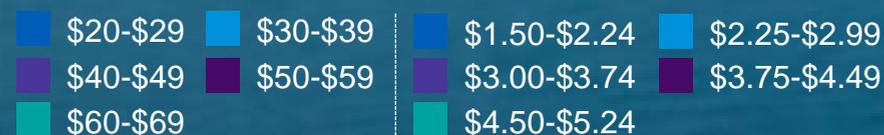
### US Economy Expectations Next Year



### Commodity Price Predictions



Oil and Gas executives expect stabilization of Brent Crude Oil pricing in spring 2017



"The prolonged commodity price situation, technological advances and other disruptive forces have been shaking up the energy industry for some time now, creating challenges and opportunities for companies across all energy segments and operational activities."

— Regina Mayor,  
National sector leader for Energy,  
Natural Resources and Chemicals for KPMG LLP

### Expectations for US Oil and Gas Headcount Over the Next Two Years



### Top Strategic Priorities

- Reducing Cost Structure
- Increasing Cash Flow from Operations
- Focusing on Growth

### Most Significant Growth Barriers

- Volatile Commodity Prices
- Pricing Pressures
- Regulatory Constraints



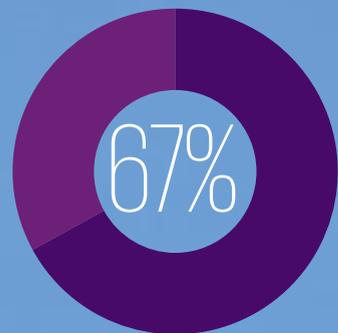


# 2016 Energy Business Outlook

## Power and Utilities Key Findings

The KPMG Energy Business Outlook, which reflects the viewpoints of senior energy executives in the United States, found that the power and utilities sector is focused on renewable technologies and strategic planning in order to drive growth.

### Top Disruptive Trends



Consider the top trend to be scale / growth of renewables technologies

#### Other top-ranked disruptive trends include

- Renewable Portfolio Standard
- Emissions standards
- Clean power plan requirements
- Grid resilience and distributed resource requirements & markets
- Distributed generation growth

# 62%

estimate that half of the US power footprint will be comprised of renewables by 2045

“Transformation is on the horizon...While the models may vary based on regional demands and regulatory requirements, it is clear that the industry will need to structurally evolve to adapt to new technologies and market participants.”

— Regina Mayor, National sector leader for Energy, Natural Resources and Chemicals for KPMG LLP

### Business Model Changes

40% expect a much more distributed, unbundled operating model that redefines the energy supply and delivery businesses over the next five to seven years.

### Resources Deployed to Drive Growth

- Multi Year Strategic Planning
- Incentivize Employees to Generate Ideas
- Dedicated leadership focused on hyper-growth



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