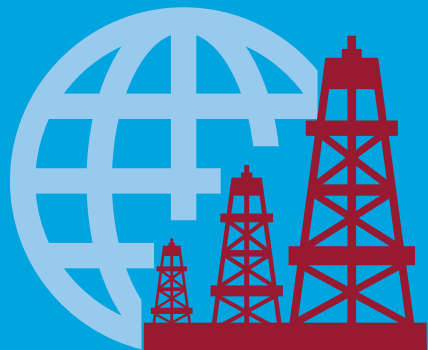


NORTH AMERICAN ENERGY OUTLOOK: UP, UP AND AWAY

Rigged up and ready to go, the energy market is set to soar in 2017. M&A activity in the sector is already breaking records, according to Dealogic, with global oil and gas companies completing 98 deals and raising \$63.3 billion through mid-February. U.S. deals represented \$53.6 billion of that total, up from \$11.8 billion during the same time in 2016.



54% of energy company CFOs expect **PE investments to be the leading source of deal capital** in the year ahead¹

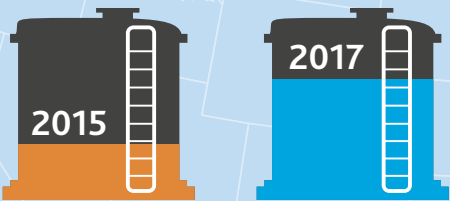


44% of PE executives expect **natural resources company valuations to rise²** during the same timeframe.

U.S. INDUSTRY VIEW: BDO'S 2017 ENERGY OUTLOOK

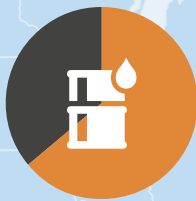
U.S. Opportunities Buoyed by Rising Prices

63% of energy company CFOs say **rising prices will drive growth** in 2017

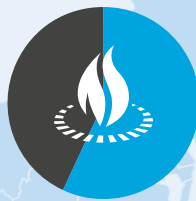


▲ UP FROM 29% IN 2015

64% predict an increase in **oil prices**



57% predict an increase in **natural gas prices**



Finding Value in Distressed Assets

53%

say **shedding distressed assets** will be primary driver of M&A activity

35%

say their own companies will **sell off distressed assets** in 2017

65%

say **cutting costs** will be primary driver of improved profitability assets in 2017

INTERNATIONAL OPPORTUNITY: CANADA

Canada offers an appealing cross-border investment opportunity based on resurgent global energy market and strength of energy trade with U.S.

4 OUT OF THE TOP 10 DEALS were in Energy³



LARGEST ENERGY DEAL:
\$1.4B partial acquisition of **Access Pipeline³**



41% of all PE activity driven by **foreign buyers⁴**

REGIONAL SPOTLIGHT: PERMIAN BASIN

Investors are flocking to the Permian Basin in pursuit of deals as production capacity ramps back up



ExxonMobil announced a **\$6.6B DEAL** to acquire **Bass family companies**



Noble Energy announced plans to acquire **Clayton Williams Energy** for **\$2.7B**



308 active rigs in March 2017
▲ UP FROM 134 IN MAY 2016⁵

WHAT'S NEXT FOR NATURAL RESOURCES INVESTORS?

PE-backed energy company IPOs raised more than \$1 billion in the first quarter of the year, and the momentum is expected to continue.

The global IPO to watch is the much-anticipated offering of Saudi Arabia's national oil company Saudi Aramco, currently valued at as much as \$2 trillion, Financial Times reports. London and New York are vying for the opportunity to host the IPO, set to open in 2018. While the Aramco IPO stands out as the trillion-dollar exception for energy filings, rather than the rule, the global oil and gas community is sure to closely monitor the developing offering.

¹ BDO's 2017 Energy Outlook
² BDO's Eighth Annual PERSpective Study
³ PE Hub

⁴ Canadian Private Equity in 2017, Torys LLP
⁵ Baker Hughes North America Rig Count

For more information, visit <https://www.bdo.com/industries/private-equity/overview> or contact Scott Hendon, Leader, Private Equity Practice, BDO USA: shendon@bdo.com / 214-665-0750 Charles Dewhurst, partner and leader of BDO's Natural Resources practice: cdewhurst@bdo.com / 713-548-0855 Tom Elder, partner of BDO's Natural Resources practice: telder@bdo.com / 713-407-3959

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