

POWER & COMMUNICATION CONTRACTORS ASSOCIATION



2015 Economic Overview

Power & Communication Contractors Association (PCCA)
Annual Meeting
Aruba
Mark Bridgers - Continuum Advisory Group
March 10, 2015

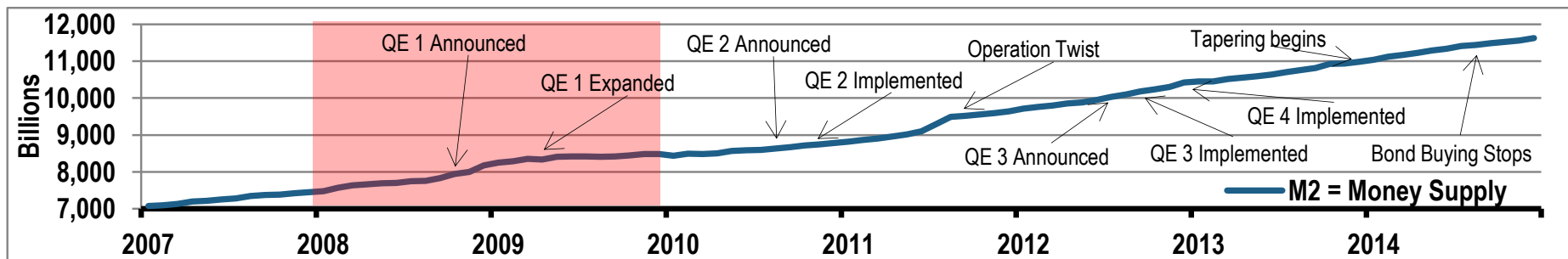
Labor Availability

► PA Case Study



Manufactured Liquidity

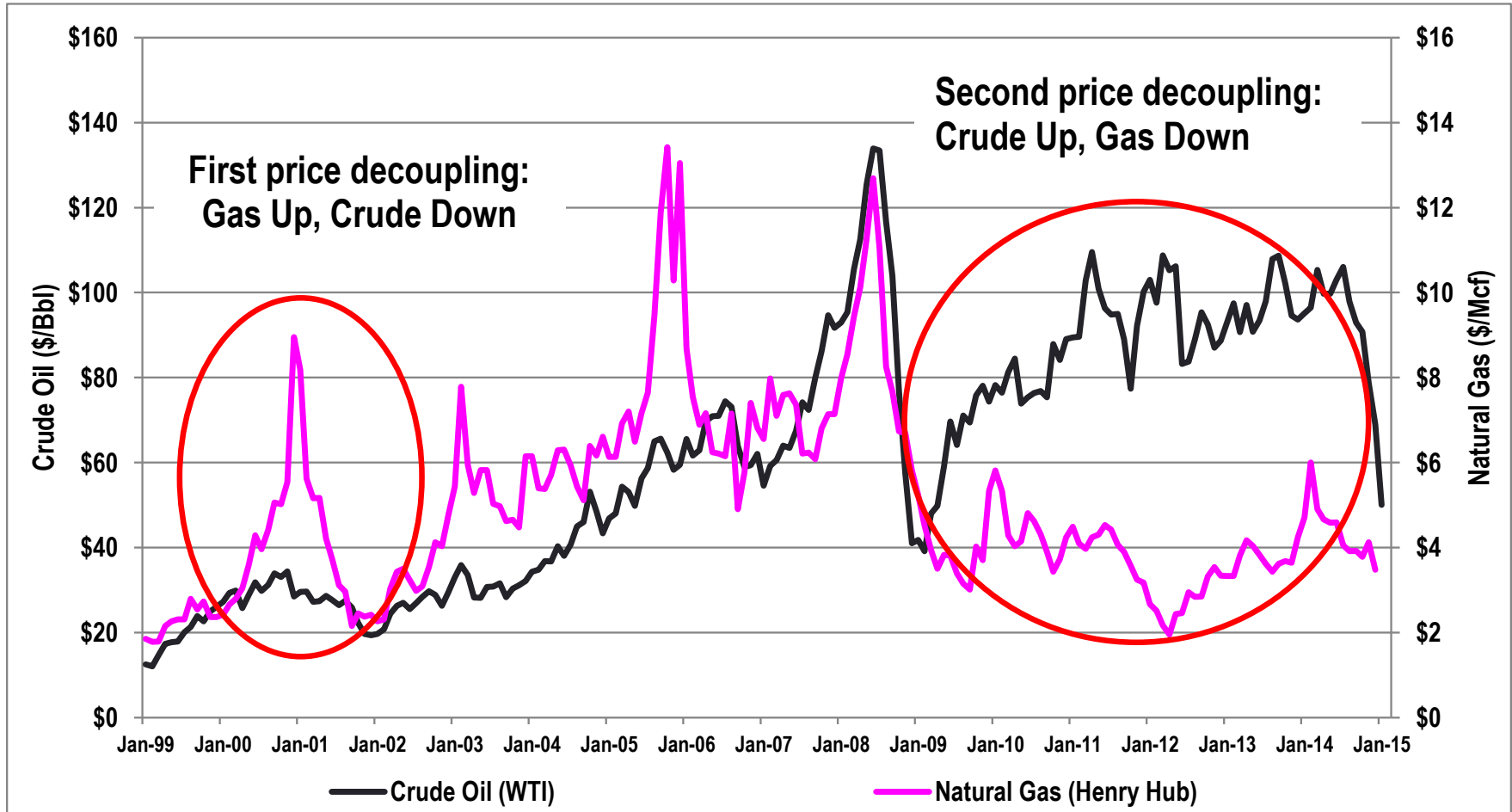
- ▶ Treasuries rising, predicting increasing inflation and risk expectation for future
- ▶ Liquidity very high but credit still relatively tight, especially for contractors and construction finance
- ▶ Stock indices bubble ('13), growing ('14), still growing YTD
 - 2013: Dow up 23%; S&P 500 up 27%; NASDAQ up 35%
 - 2014: Dow up 8%; S&P 500 12%; NASDAQ 13%



Source: Continuum analysis and presentation of US Department of Commerce raw data.

History of Inflation

► Energy Pricing



2014/2015 Oil Price Drop Drivers

- ▶ **Low Global Demand:** The economic slowdown in Asia and Europe has reduced demand
- ▶ **High Supply:** Five years of \$90+ oil led to massive investment in exploration and production
- ▶ **OPEC Weakness:** OPEC's share of world supply is declining, members have grown fat domestic budgets fueled by high priced oil, and these countries want to protect their market share
- ▶ **Geo-Political Action:** Saudi Arabian opportunity to economically punish Russia, Iran, and Syria without directly harming the U.S. and inflicting moderate and manageable damage to their domestic budget
- ▶ **Speculation:** It is not clear what role speculators play in the current crude oil price swing, yet there is general agreement that speculative activity continues and is moving prices

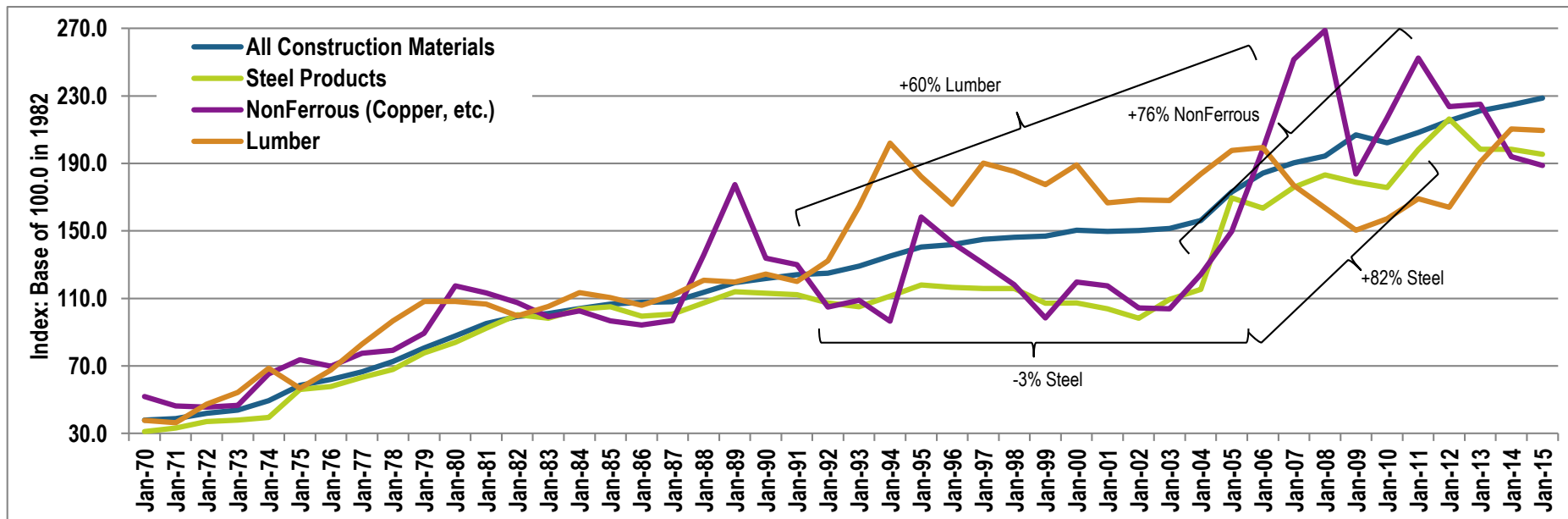
U.S. Economic Overview

► United States and Canada Resource Rankings

Resource	U.S.	Canada	Combined
Population Rank	3	35	3
Population Percent	4.5%	0.5%	5%
Percent Population College Educated – Rank	2	1	1
Arable Land – Rank	1	6	1
Arable Land – Percent of total	10.4%	2.6%	13%
Total Land – Rank	3	2	1
Total Land Percent of total	6.5%	6.7%	13.2%
Available Fresh Water – Rank	4	3	2
Natural Gas Production – Rank	1	4	1
Oil Production – Rank	3	6	1
Oil Production – Percent of Total	10.8%	3.9%	14.7%
Coal – Rank	1	13	1
Coal – Percent of total	27.1%	.7%	27.8%
Electrical Production – Rank	1	6	1
Electrical Production – Percent of total	20.6%	3.1%	23.7%
Bio Fuel - Potential	Arable land creates advantage		
Wind Power Generation	2	9	1
Solar Power Regions	Superior in Desert Southwest		
Geothermal Power Generation	US leads with 28.8% of production		

Global vs. Local Commodities

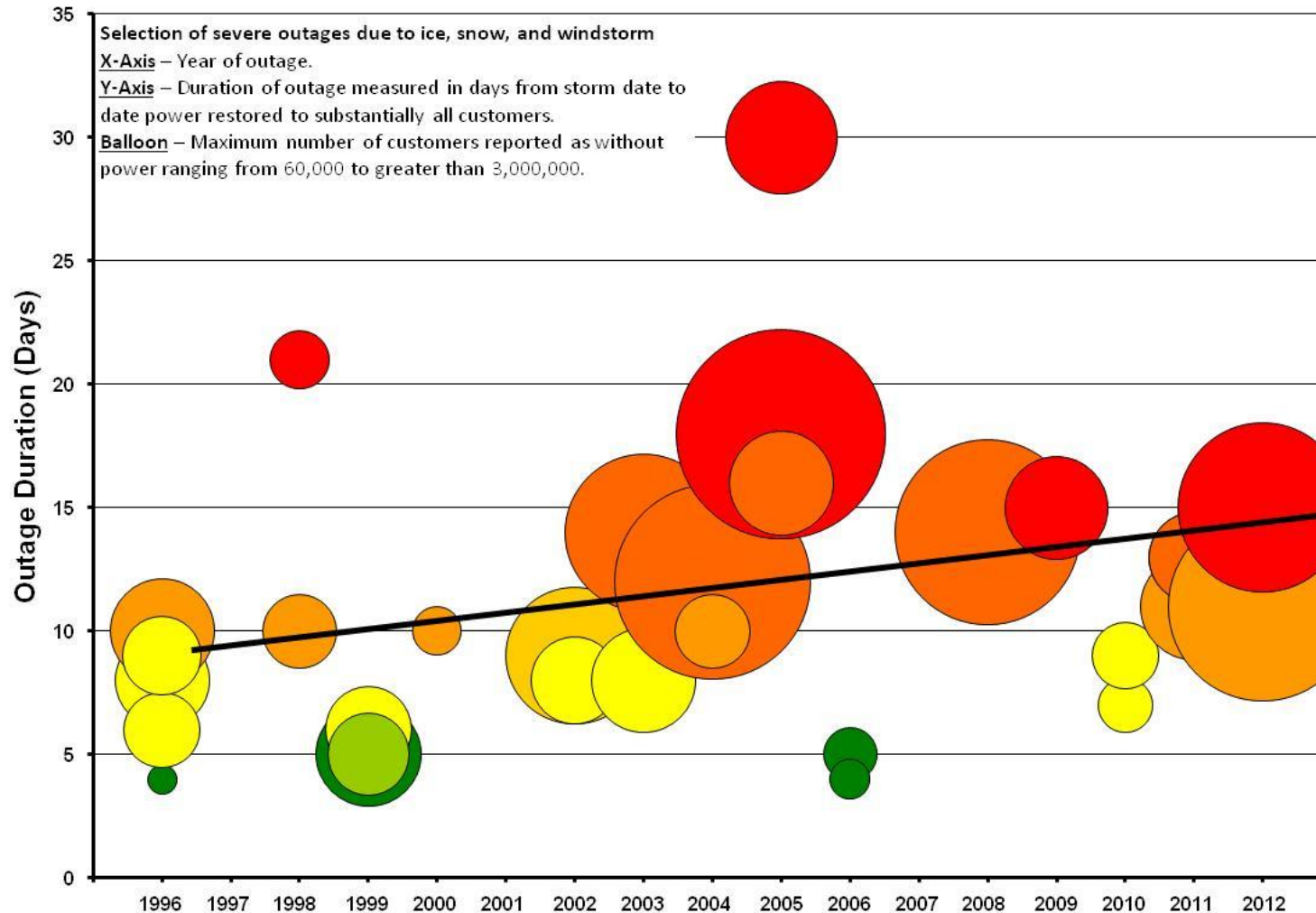
- ▶ 2000 to 2009 - Global commodities impacted dramatically by demand from BRIC and other fast growth economies
- ▶ 2009 to 2014 - Current slow global growth equals price drops
- ▶ When global & domestic growth returns, prices will rise again



Source: Continuum analysis and presentation of US Department of Commerce raw data.

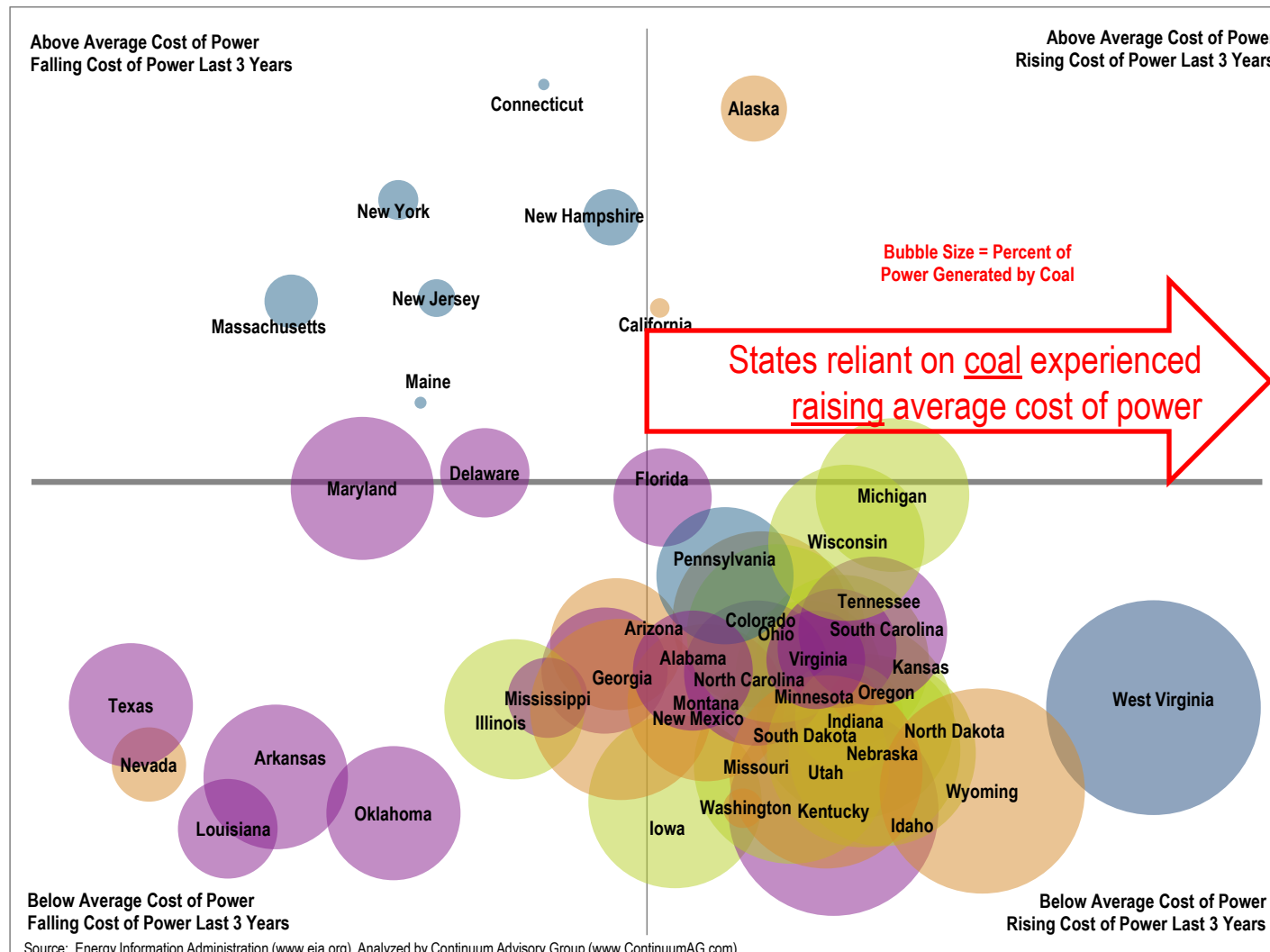
Electric Market Drivers:

Undergrounding/Hardening of Overhead Infrastructure



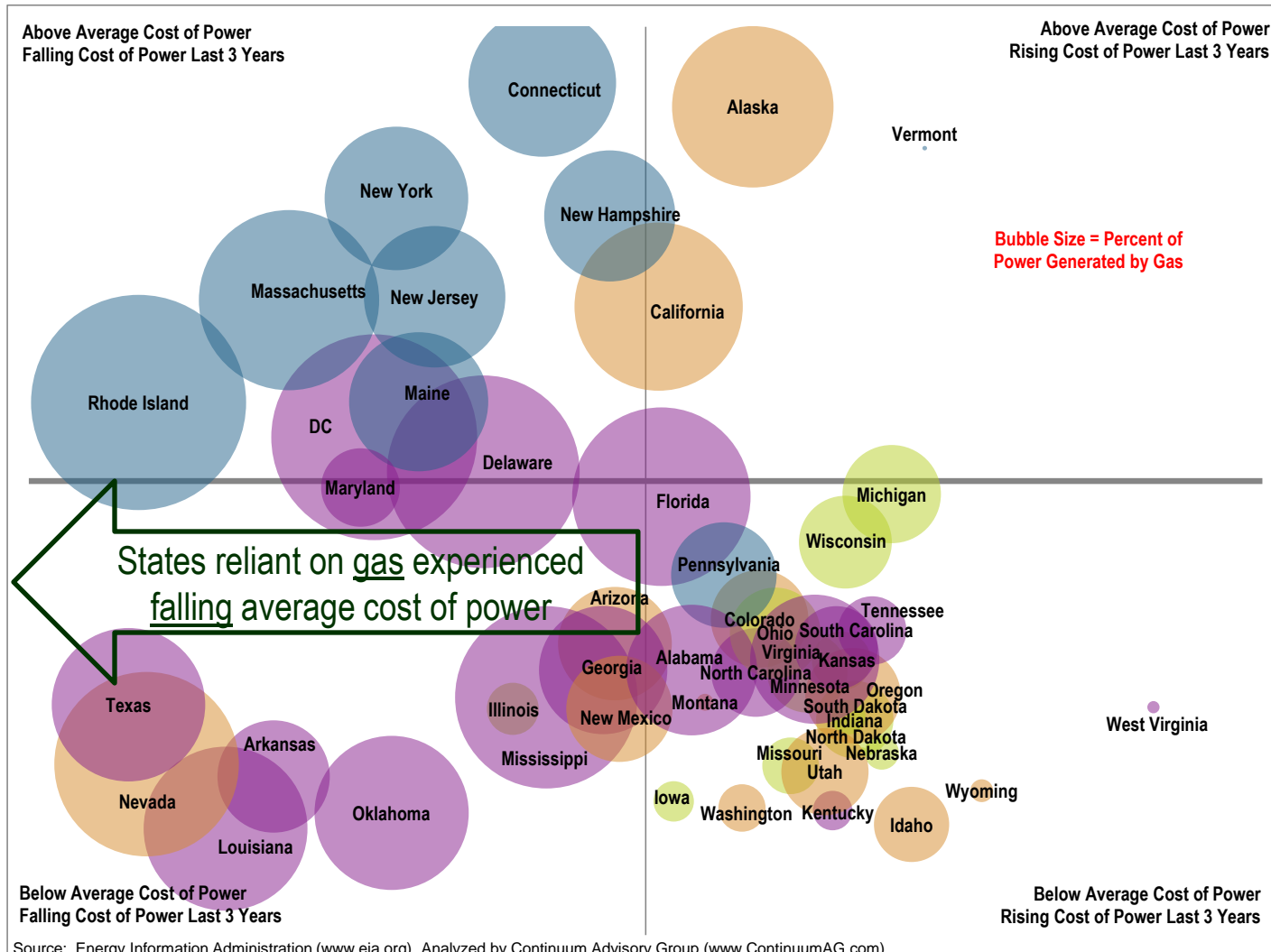
- The length and severity of power outages has been increasing over the last 15 year in many areas of the nation.
- This has led to an increase in calls to underground utilities.
- These efforts tend to be focused in locations that have experienced multiple outages in the past. Florida, Connecticut and Washington D.C are examples of areas focused on undergrounding activities.

Government Regulation: Coal Power Generation versus Total Generation



Government Regulation:

Natural Gas Power Generation versus Total Generation



Think differently about our challenges & opportunities



Thank You

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Mark Bridgers

Mark founded and leads a Utility Vertical Market team team at Continuum Advisory Group. He works with gas/electric utilities, power generators, pipeline companies, and energy companies. As a recognized expert in capital construction and operational challenges, Mark was recently honored with membership in the Society of Gas Operators (SOGO).

Mark helps firms prepare for and successfully navigate “strategic transitions.” His passion is helping organizations achieve breakthrough innovations through collaborative or integrated relationships. He is the architect of an approach for integrated service provider management referred to as the “Extended Enterprise” among construction industry participants.



Mark is an avid educator, trainer, and writer with more than 20 years of industry expertise including financial performance analysis; development and implementation of tools to reduce construction cost, life-cycle cost, and operational friction; restructuring of processes and procedures - often times using LEAN Construction techniques; and leader development.. He is a recognized expert in capital construction and operational challenges . Mark is also author of over 150 articles and research papers published internationally in industry journals, including ENR, PE – The Magazine for Professional Engineers, Pipeline & Gas Journal, Utility Contractor (NUCA), Underground Contractor, Electric Energy (RMEL) and Electric Perspectives (EEL).

Mark holds a master’s degree in business administration from the University of Virginia’s Darden school of Business and a bachelor’s degree in financial management from Clemson University. In addition, he earned the designation of Chartered Property and Casualty Underwriter (CPCU) and Associate in Reinsurance (ARe).

**Transforming the worldwide building and construction industry...
through revolutionary innovation.**

About Continuum

Founded in 2010, Continuum Advisory Group provides management consulting, training, and capital services to the residential, institutional, and energy industries supporting development and capital asset construction.

Continuum delivers innovative, customized solutions to production homebuilders and developers, institutional facility owners, and energy or utility owners who want to transform their development and capital asset construction processes. Service providers to these firms, including building products manufacturers, contractors, architects and engineers, are integrated into the transformation process, frequently forming what Continuum refers to as an “Extended Enterprise.”

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