



Private Equity

Panel Detail:

Monday, May 2, 2011 9:30 AM - 10:45 AM

Speakers:

[Leon Black](#), Founding Partner, Apollo Management, LP

[David Bonderman](#), Founding Partner, TPG Capital

[Jonathan Nelson](#), CEO and Founder, Providence Equity Partners

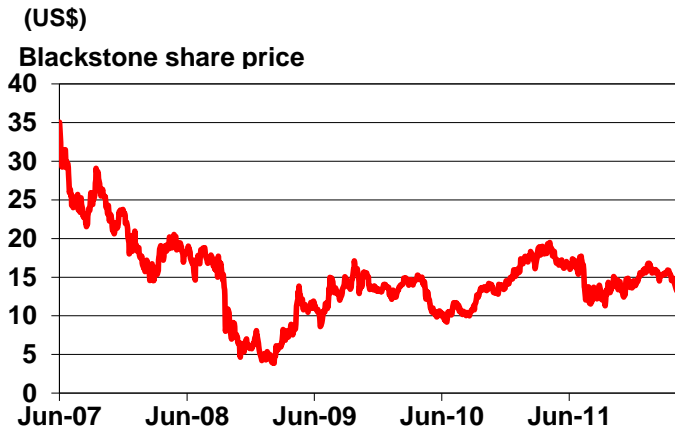
[Jonathan Sokoloff](#), Managing Partner, Leonard Green & Partners

[Scott Sperling](#), Co-President, Thomas H. Lee Partners, L.P.

Moderator:

[Maria Bartiromo](#), Anchor, CNBC

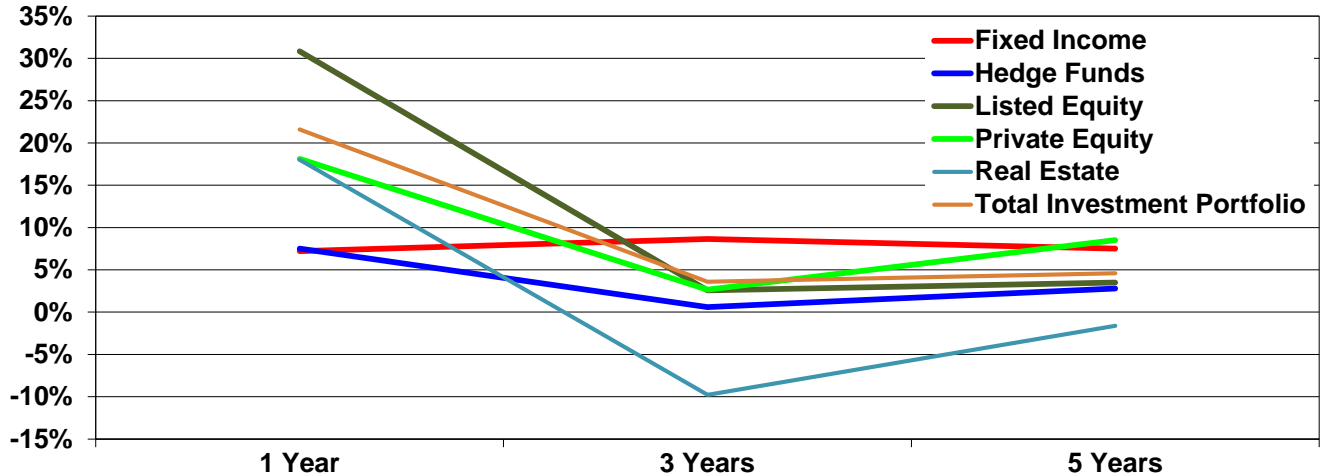
Carlyle IPO a Game-Changer?



Source: Bloomberg.

PE is one of the better-performing asset classes

Median Returns of Pension Plans by Asset Class as of 30 June 2011



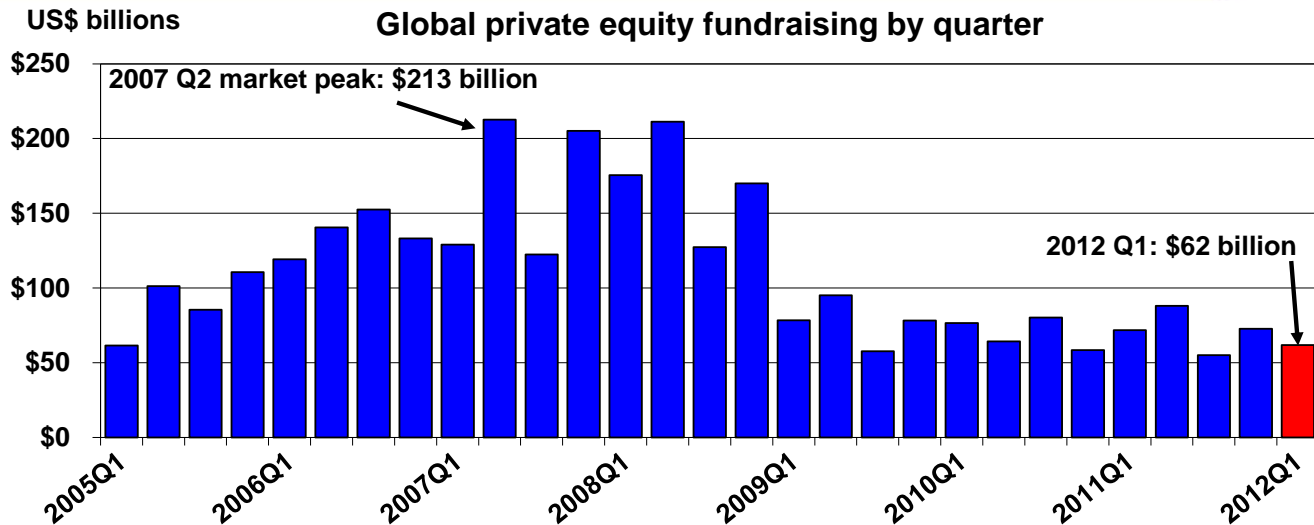
Source: Preqin and Bain.

Global private equity fundraising still stalling

Quarterly: 2005Q1 – 2012Q1



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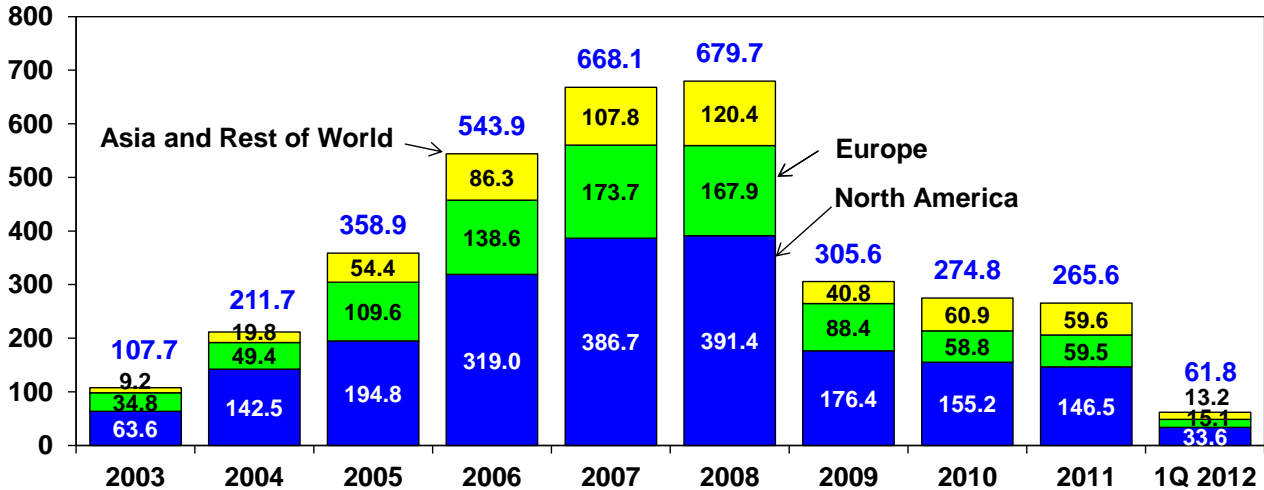


Source: Preqin.



Global private equity fundraising by region

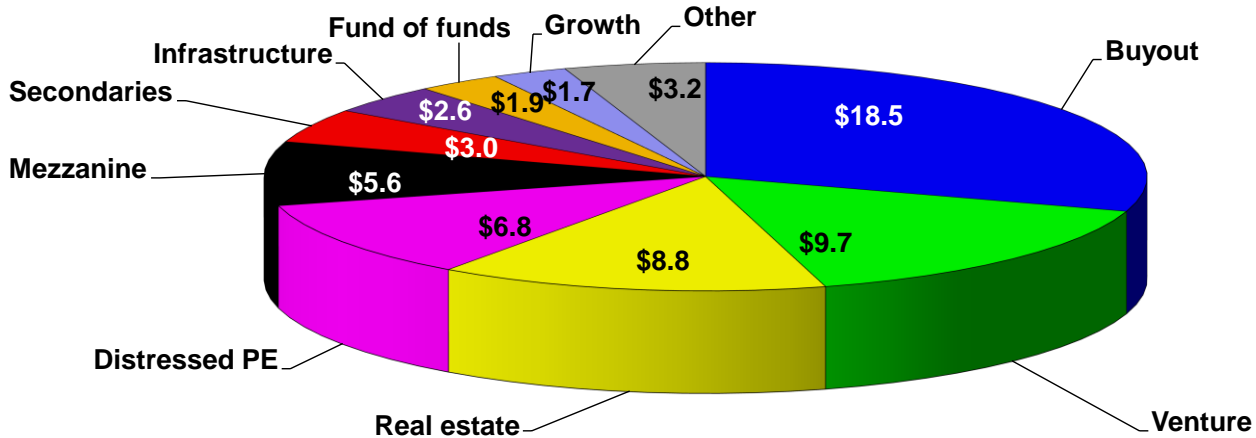
US\$ billions





Which types of funds are raising the most cash?

Global private equity fundraising by fund type
Q1 2012 (US\$ billions)

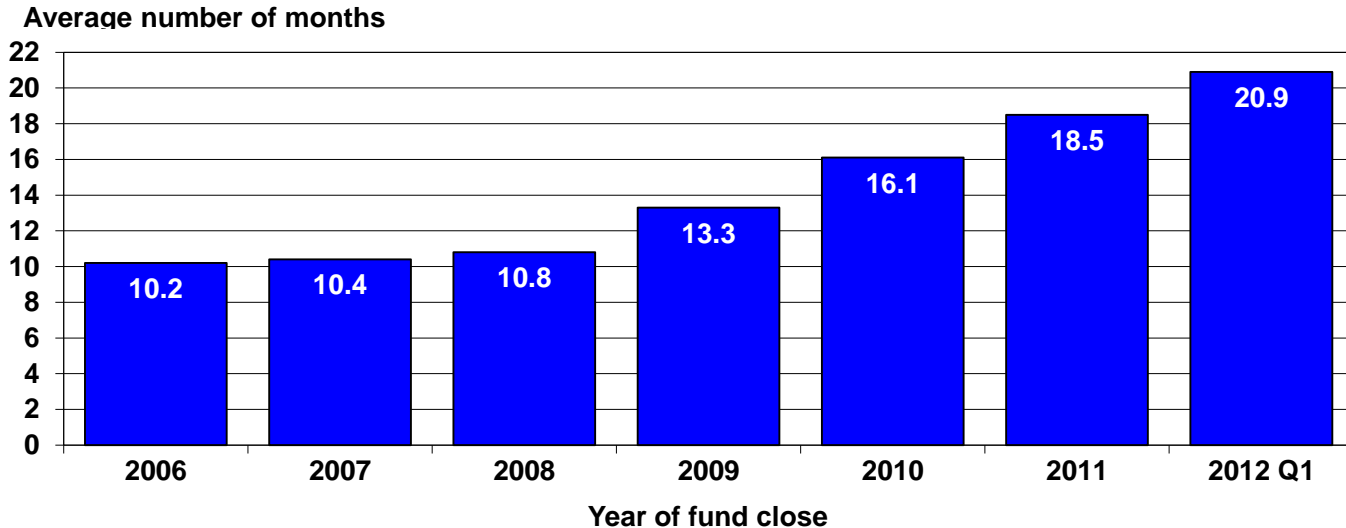


Source: Preqin.

Average time required to close funds



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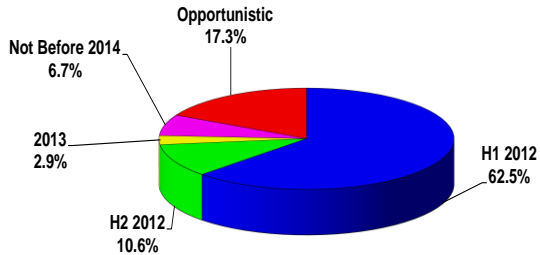


Source: Preqin.

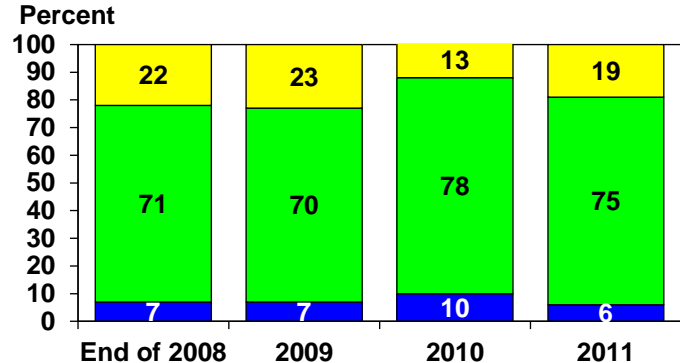


Investors are still exhibiting an interest in PE

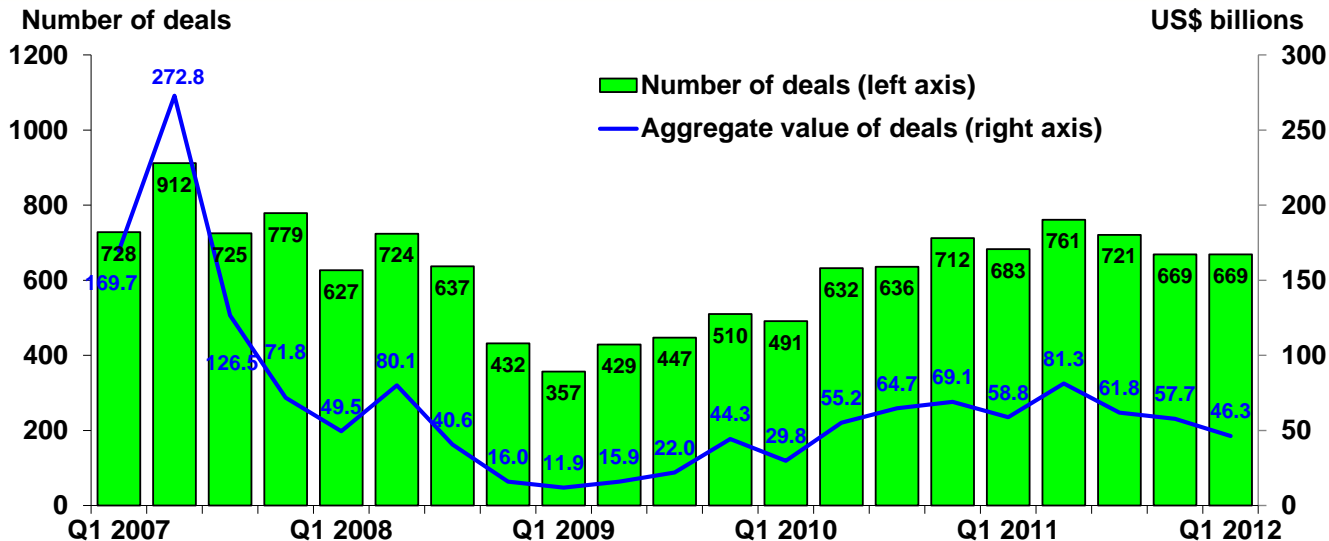
Timeframe for investors' next intended commitments to private equity funds



Proportion of investors that feel their private equity fund investment has lived up to expectations



Global private equity buyout deals

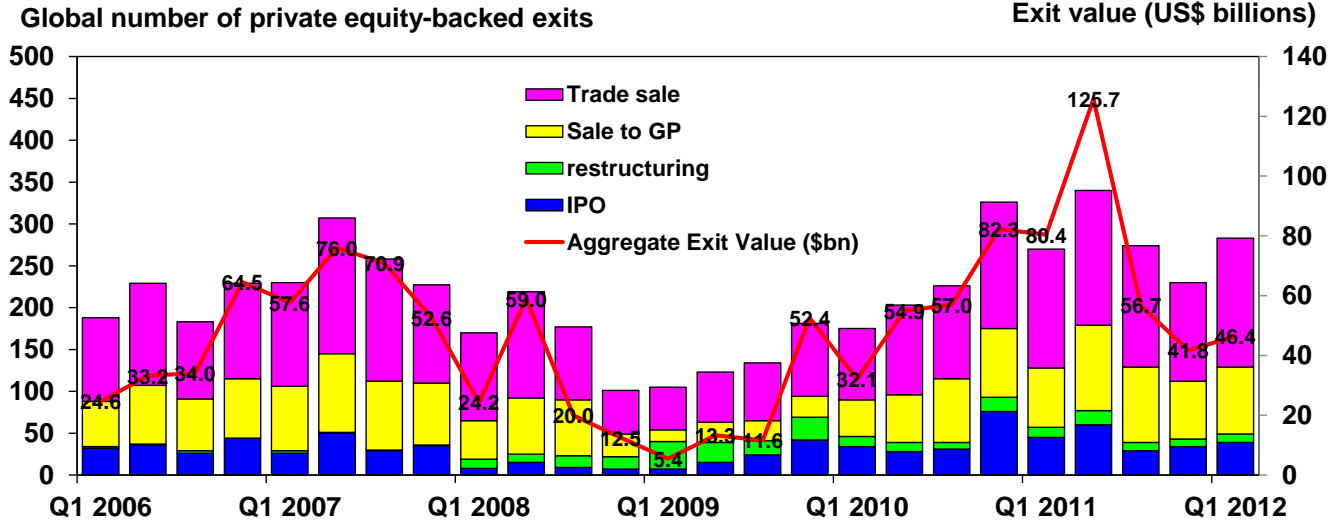


Global number of PE-backed exits by type

Smaller exits elevated during 1Q 2012



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Source: Preqin.

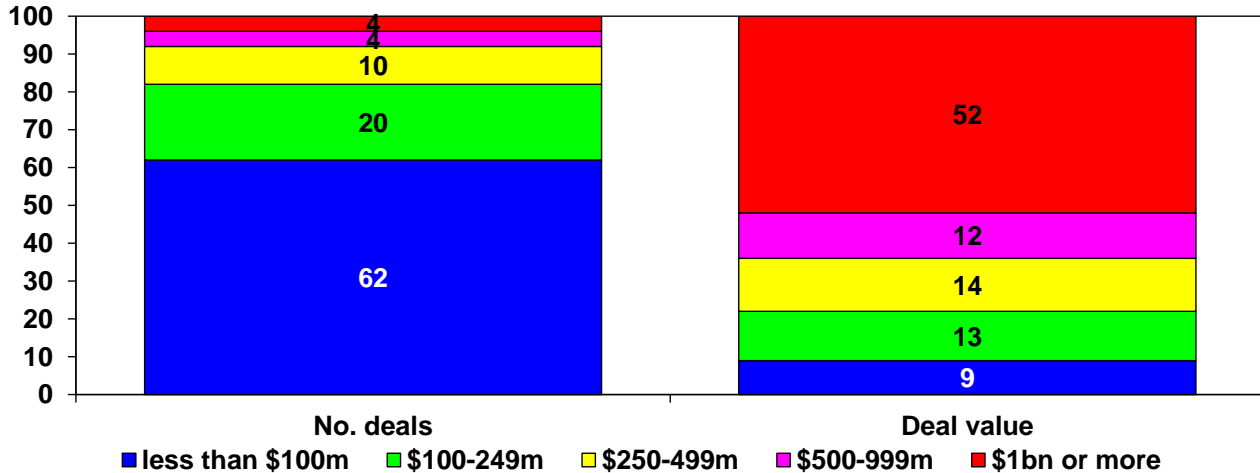
82% of deals in Q1 2012 were small-cap

(<\$250mn)



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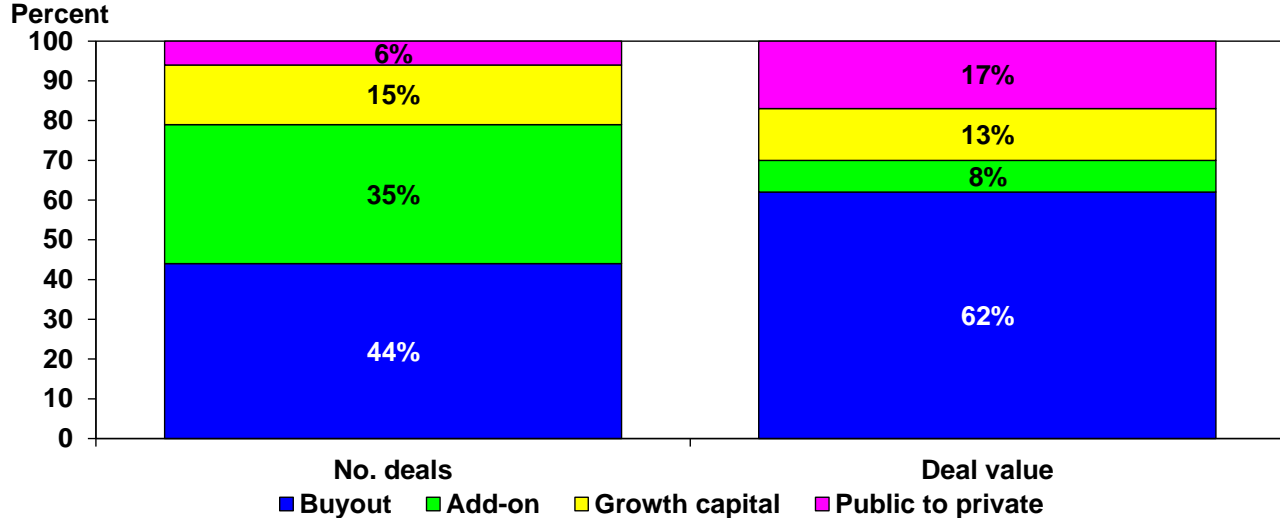
Percent



Source: Preqin.

Add-on acquisitions will remain elevated

Maintaining the levels of activity of Q4 2011



Source: Preqin.

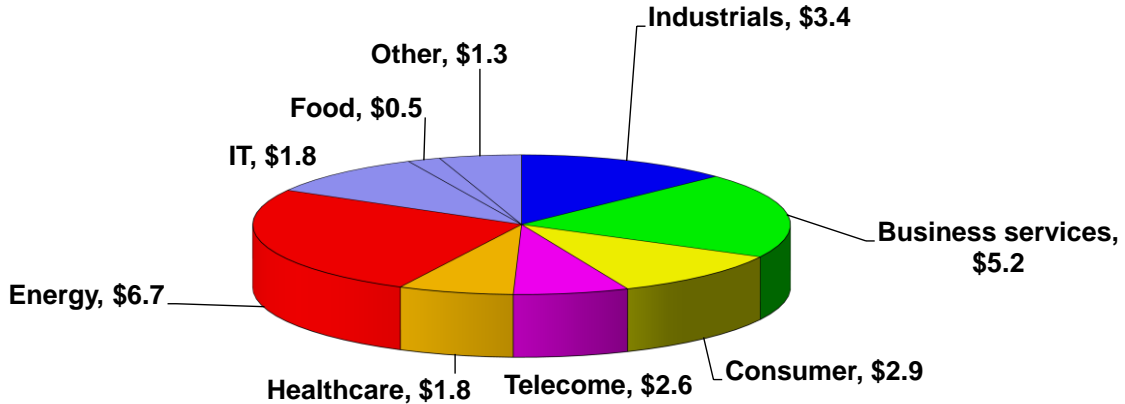
Sector breakdown of U.S. PE-backed deals

26% of deal value was completed in energy in Q1 2012



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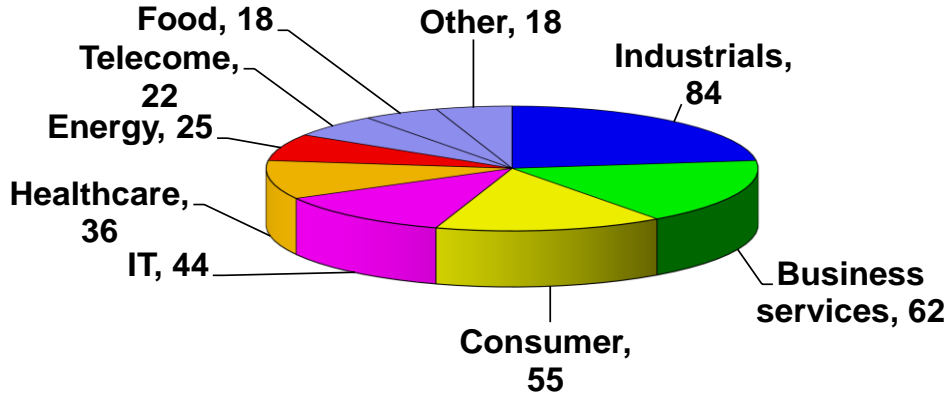
Breakdown of aggregate value of US PE-backed deals in Q1 2012 by industry
(US\$ billions)



23% of all deals were completed in the industrials sector



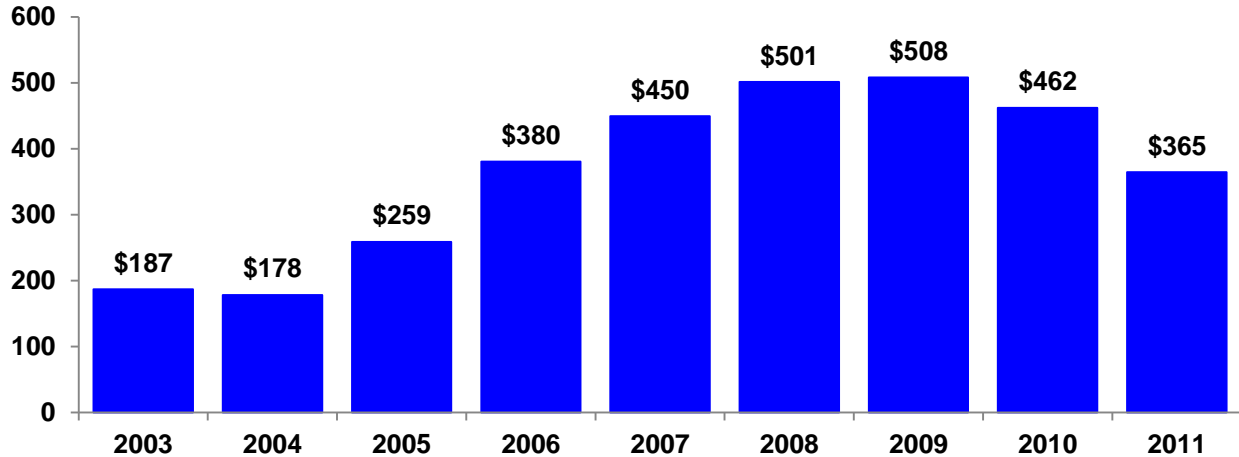
Breakdown of US 365 PE-backed deals in 1Q 2012



Dry powder in global buyout funds



US\$ billions



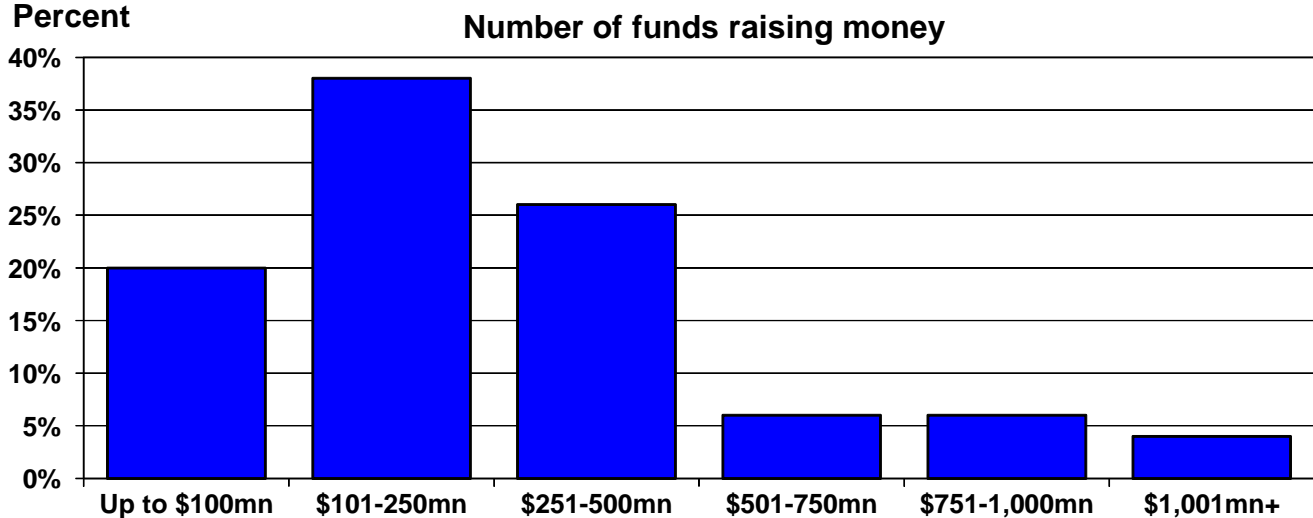
Source: Preqin

Breakdown of funds of funds in market

By target fund size



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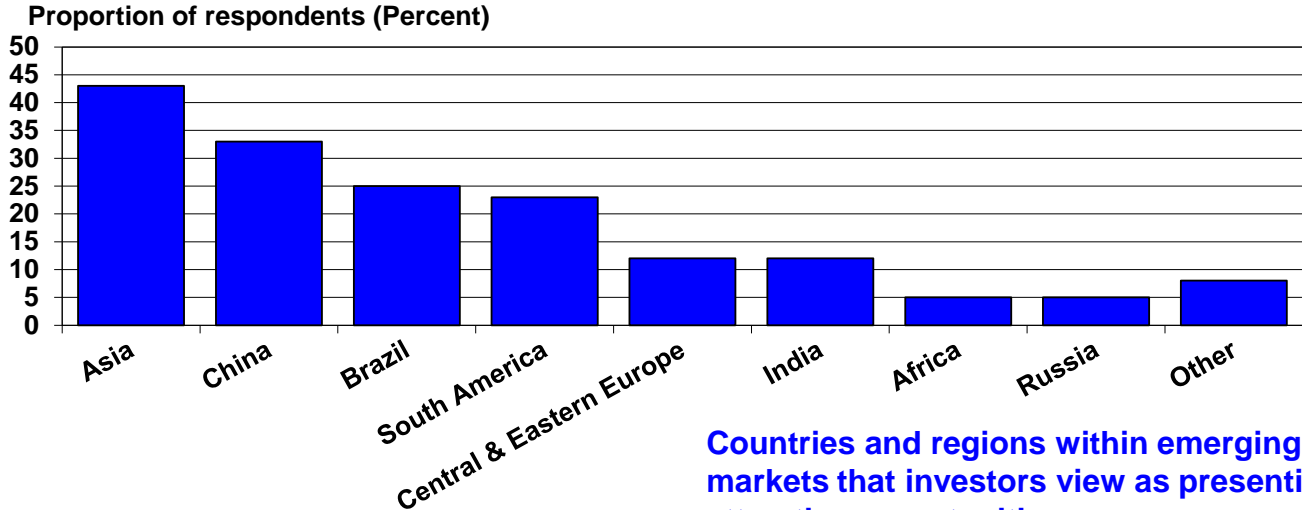
Source: Preqin.

Emerging markets continue to attract LPs

Asia is attractive to 60% investors , North America to 42%



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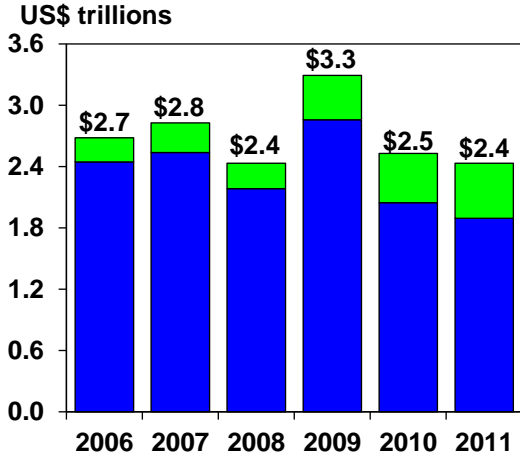
Countries and regions within emerging markets that investors view as presenting attractive opportunities

Global bond and equity market issuance still below pre-crisis levels

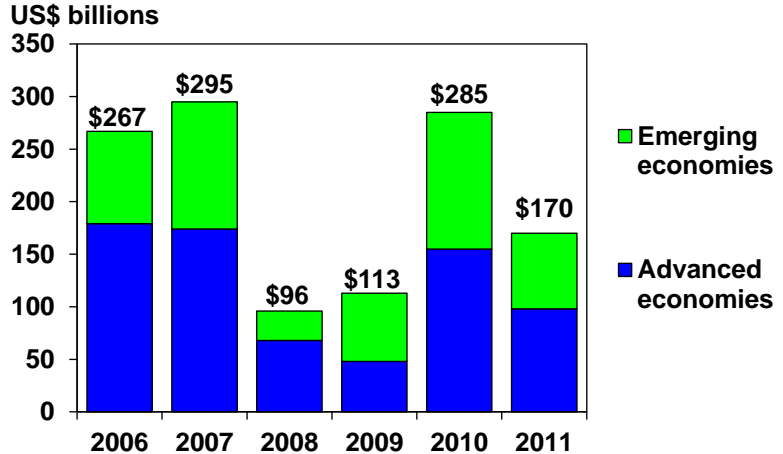


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Corporate bond issuance



Fund raised through IPOs



Sources: Ernst & Young, S&P Fixed Income Research.



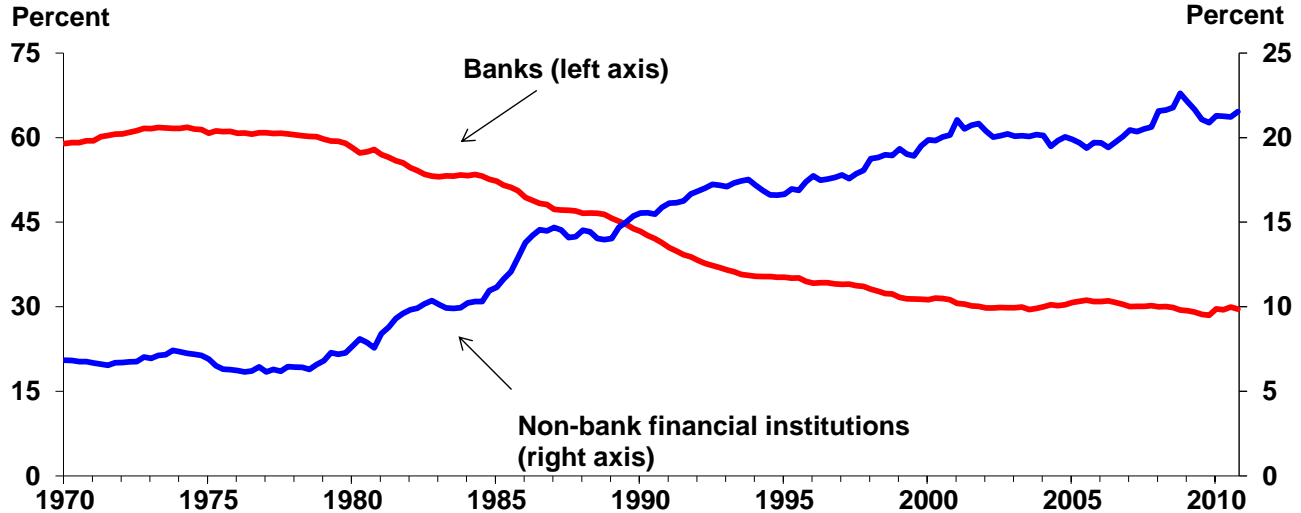
US

Non-bank institutions are playing an ever-larger role in U.S. financial sector



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Share of financial sector assets, 1970 to 2011



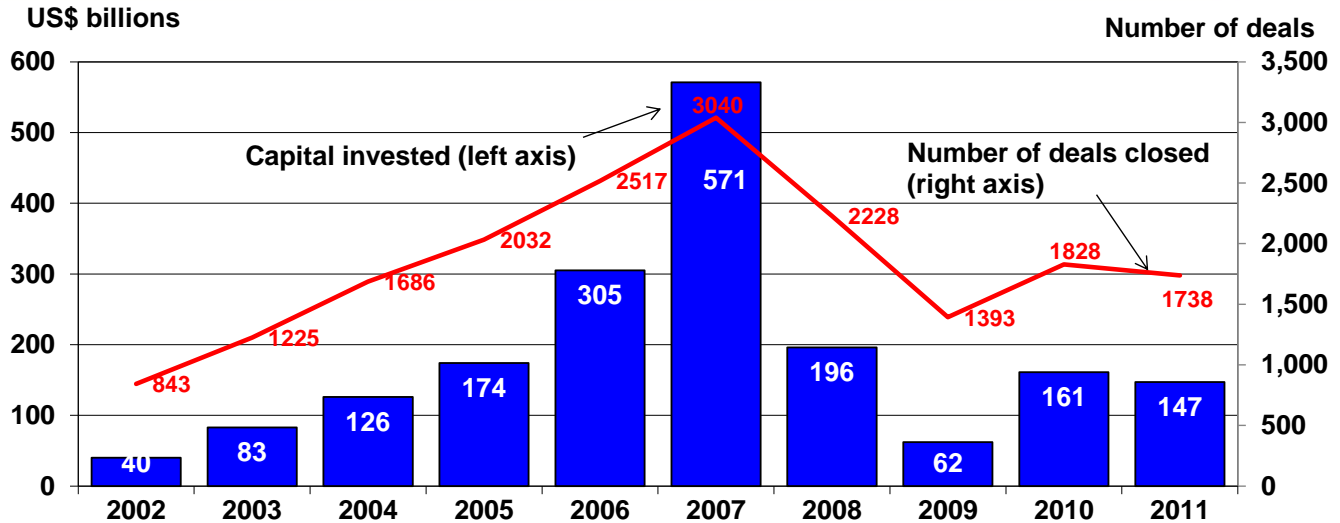
Source: Federal Reserve.

Private equity deal flow by year

2011 PE investment in US well above 2009 lows



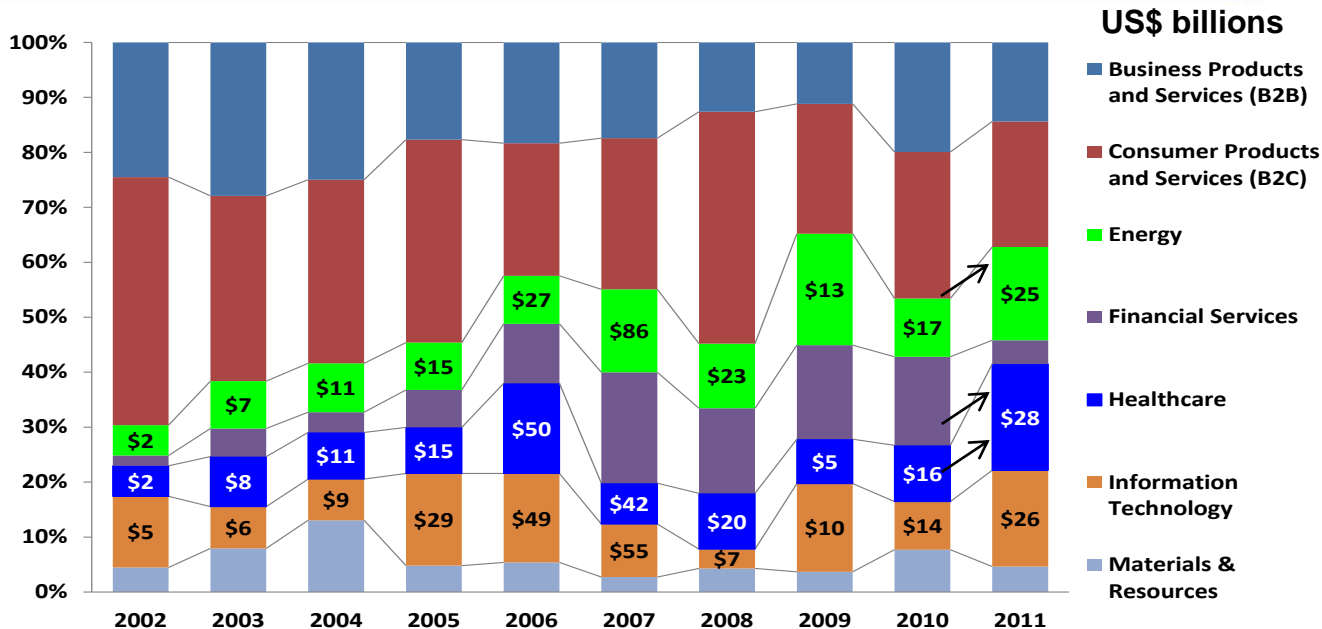
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Source: PitchBook.

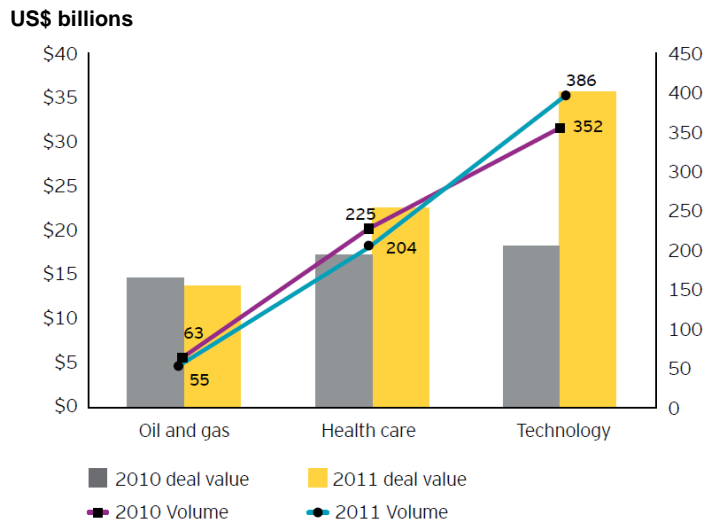
Capital flow into IT, healthcare, and energy rose

Percentage of deal volume (capital) by industry

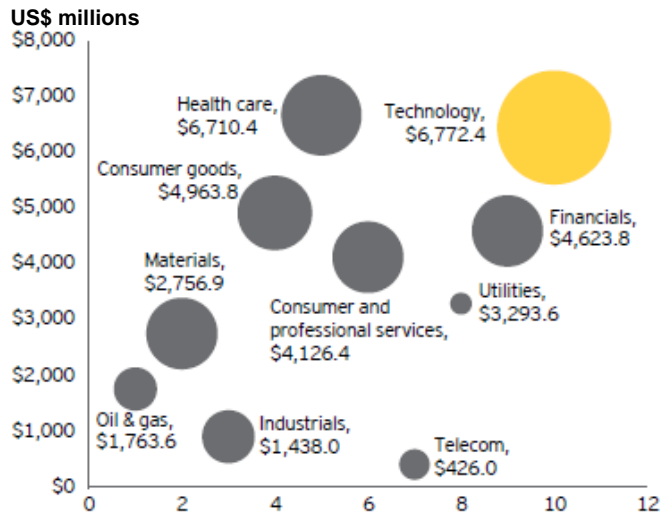


Sector breakdown of US PE deals

US PE sector breakout



Sector breakdown of 2011 PE-backed IPOs

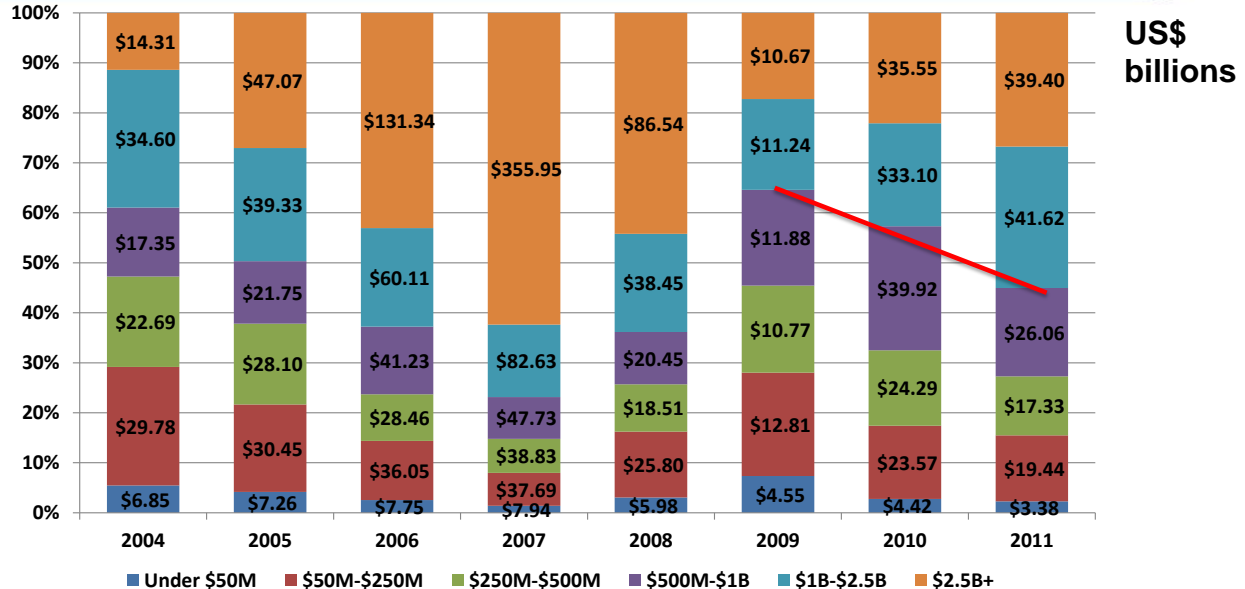


Large deals* began to reemerge

Percentage of deal volume (capital) by deal size



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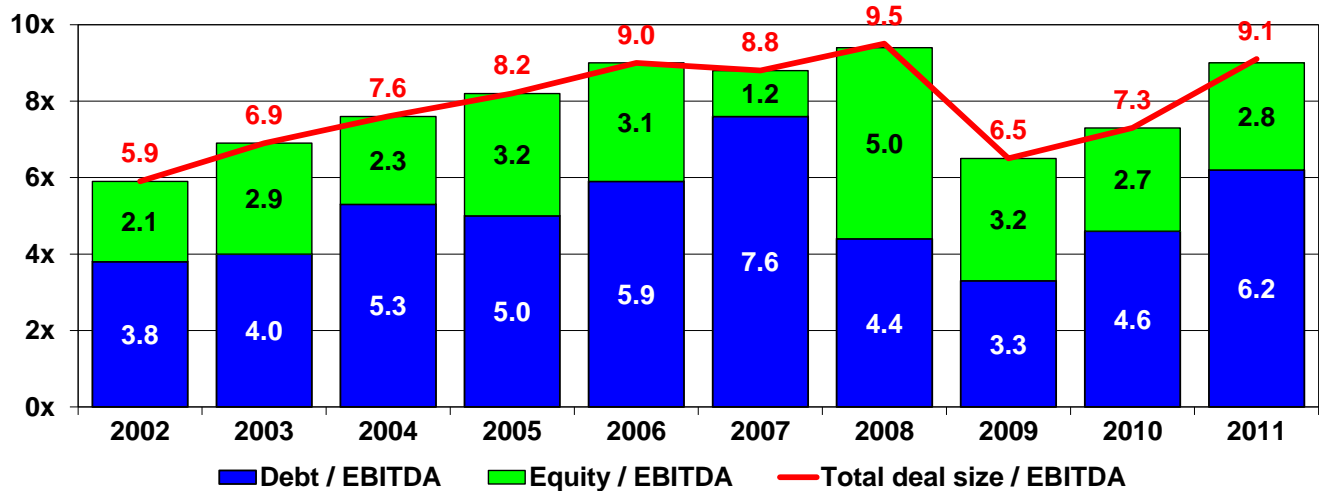
Source: PitchBook.

* Denotes deals more than USD 1 billion

EBITDA multiples of U.S. buyout transactions



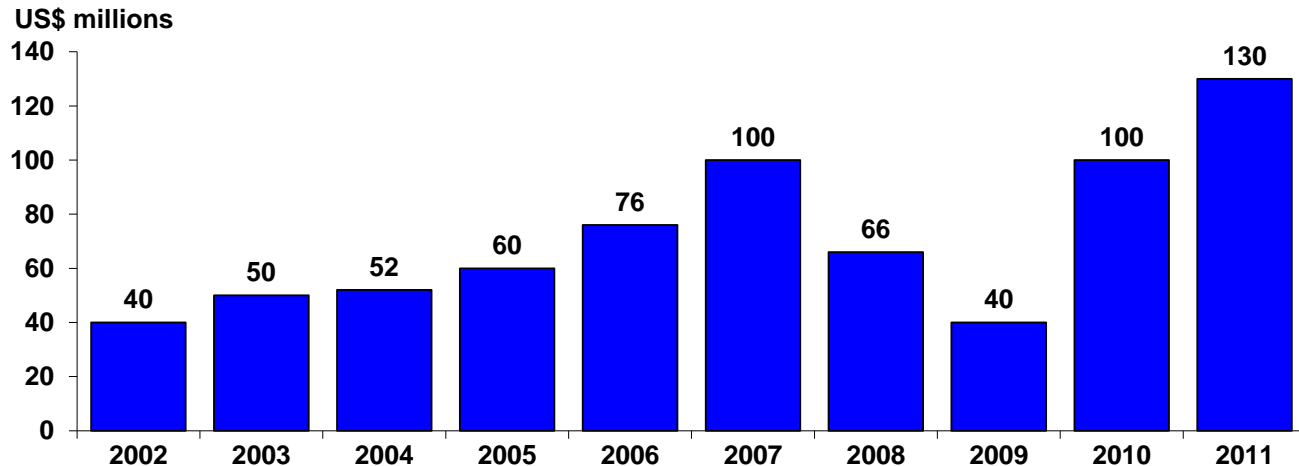
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Source: PitchBook.

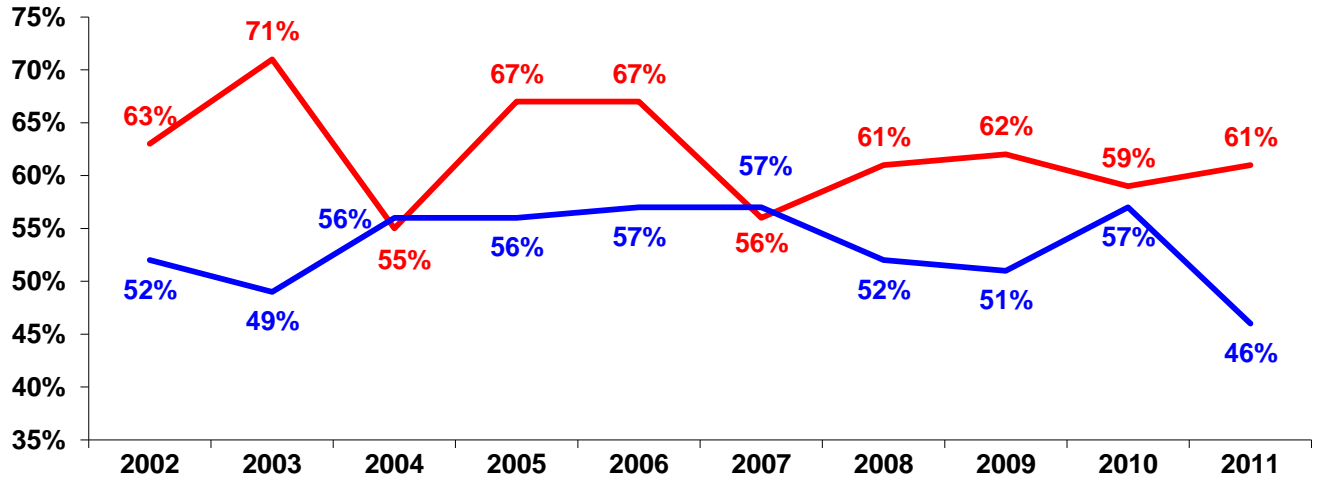
Median buyout size hits new record

Median capital invested in U.S. private equity transactions





Percentage of debt used in buyouts

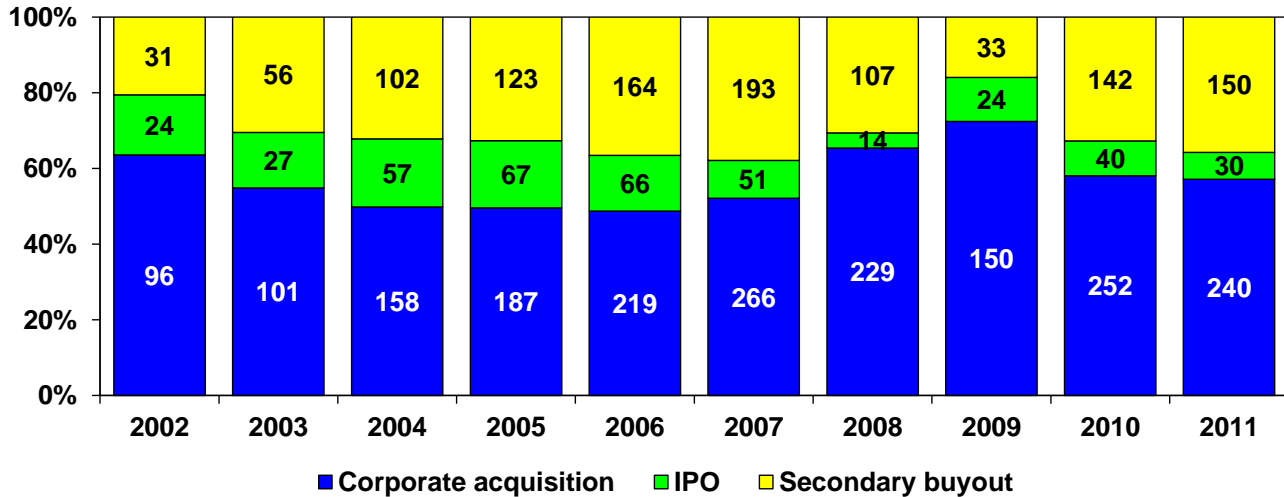


Private equity investors exited \$108bn in 2011

Percentage of P.E. exit volume (count) by exit type



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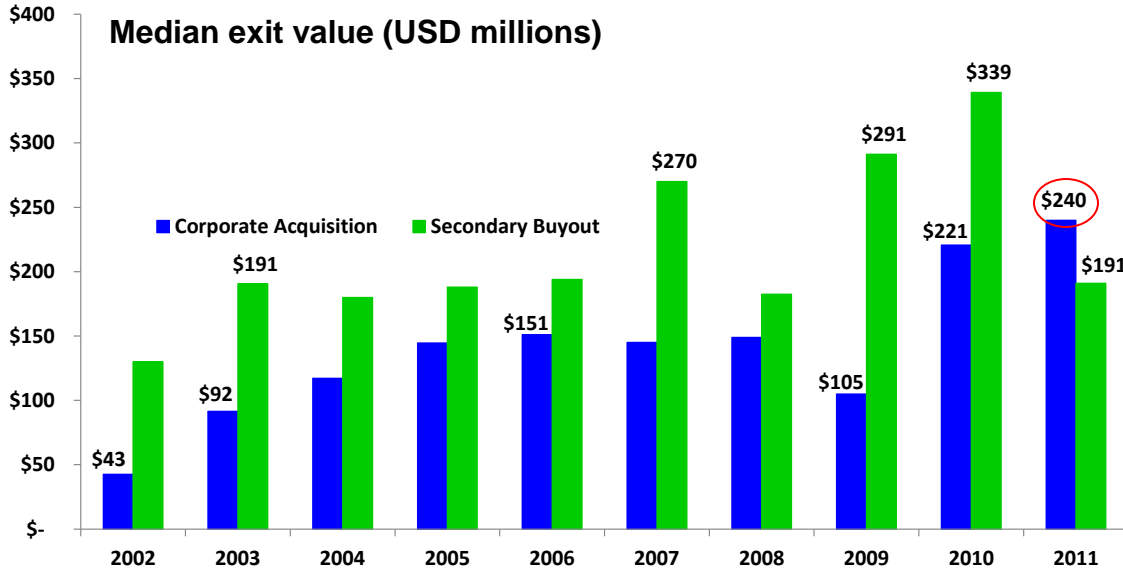


Corporate acquisitions hit a record high

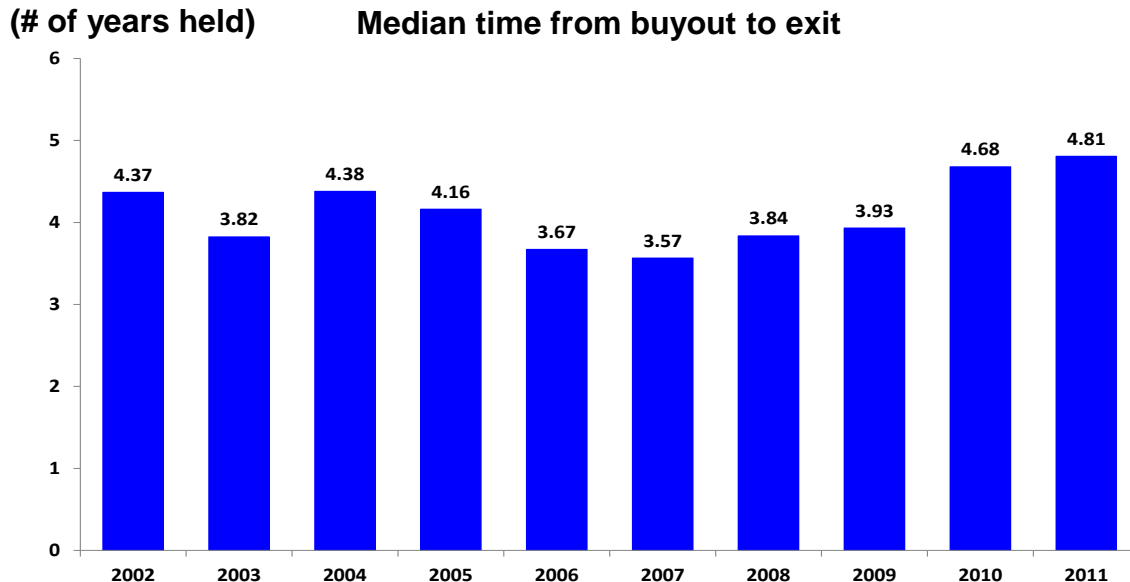
Median deal size of \$240 million in 2011



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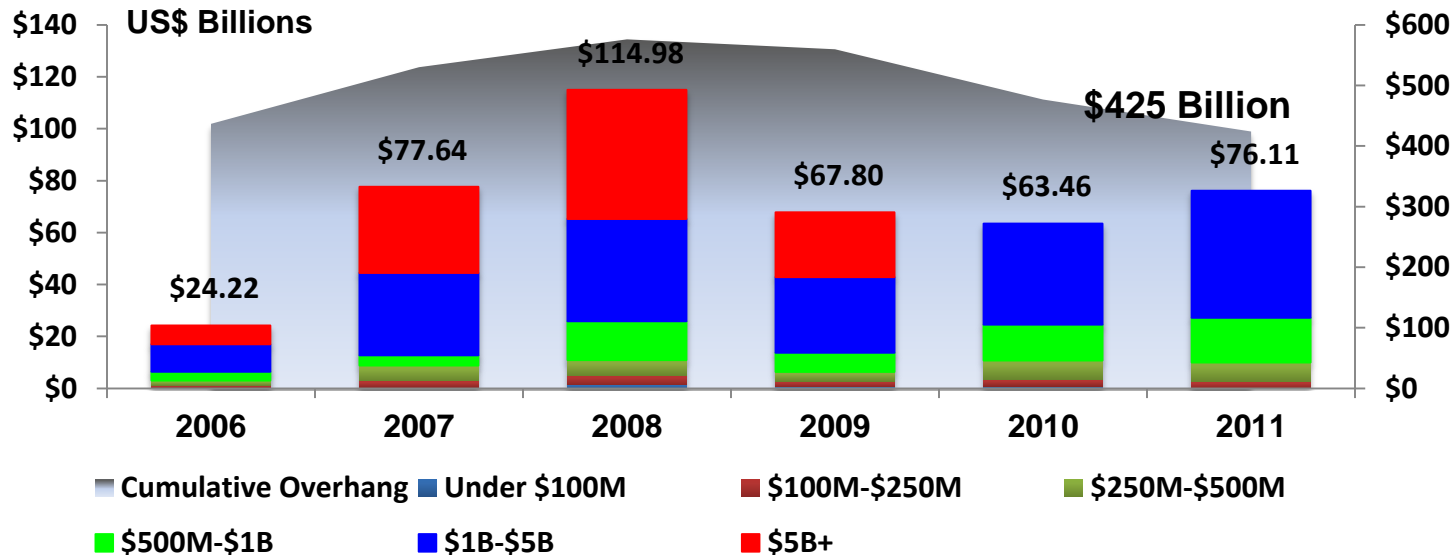
Increase in holding length in the U.S. PE Market



PE investors sitting on \$425B of dry powder

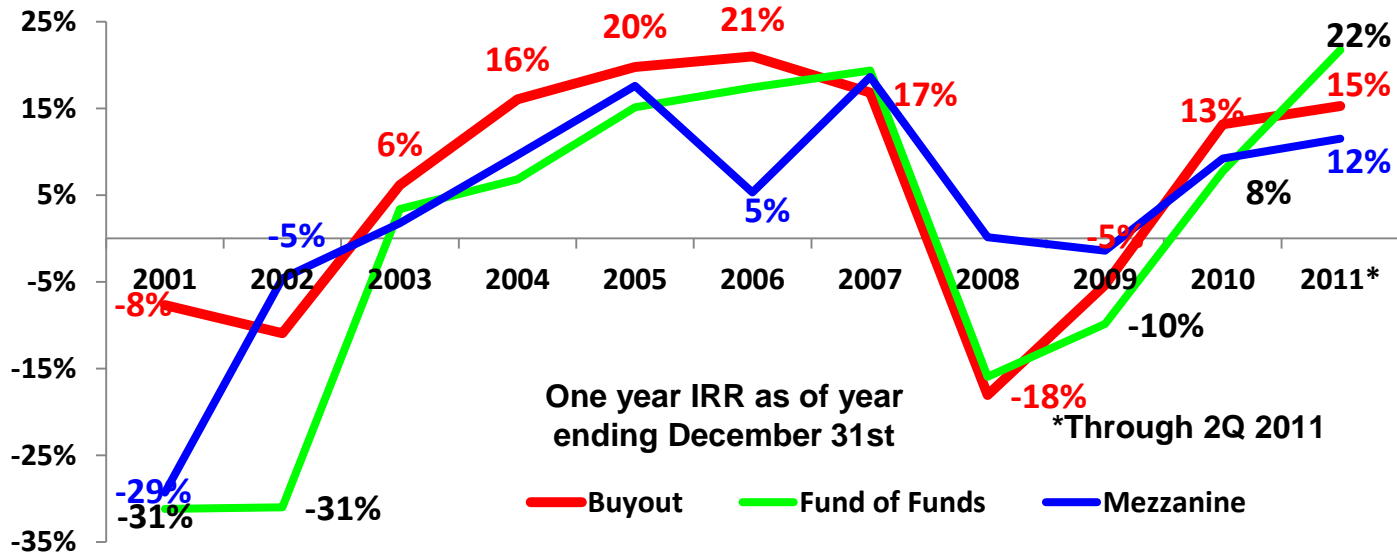


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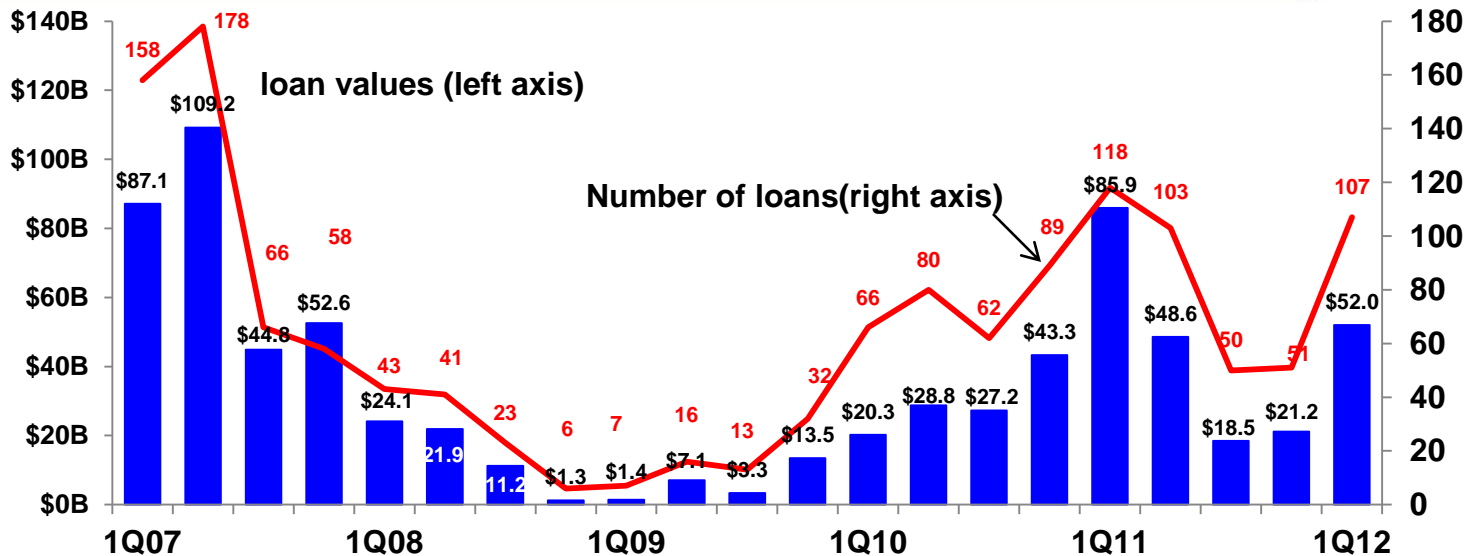


Private equity returns have climbed back to pre-crisis levels

U.S. PE 1-Year Median Rolling Horizon IRR

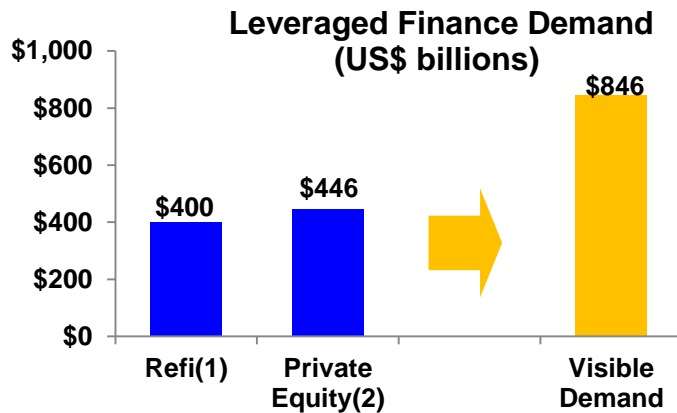
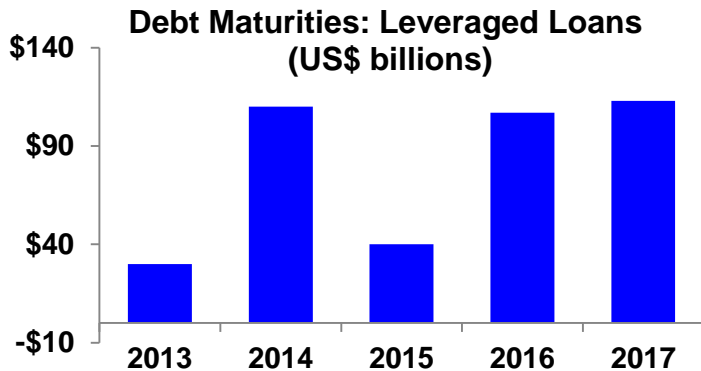


Total U.S. sponsored loan volume



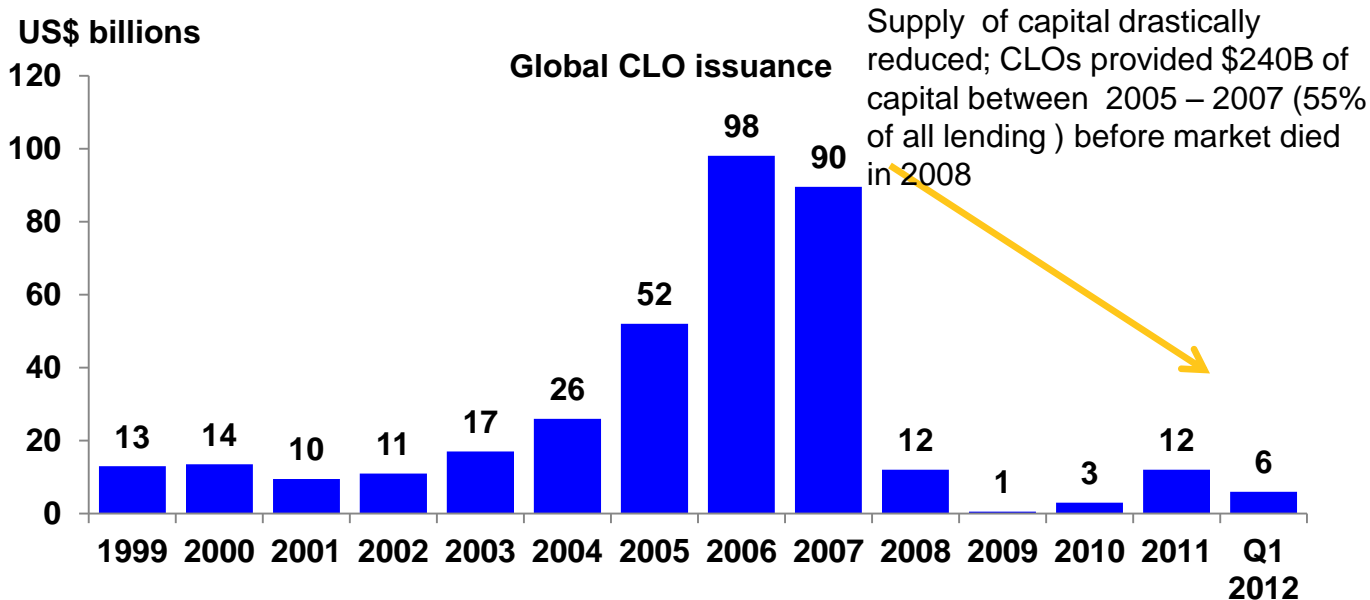
Source: S&P Leveraged Commentary & Data.
 Includes all sponsored loan volume (leveraged buyouts, acquisitions, refinancing, recaps, etc).
 Reflects only transactions financed in the syndicated debt markets.

Visible demand for debt capital

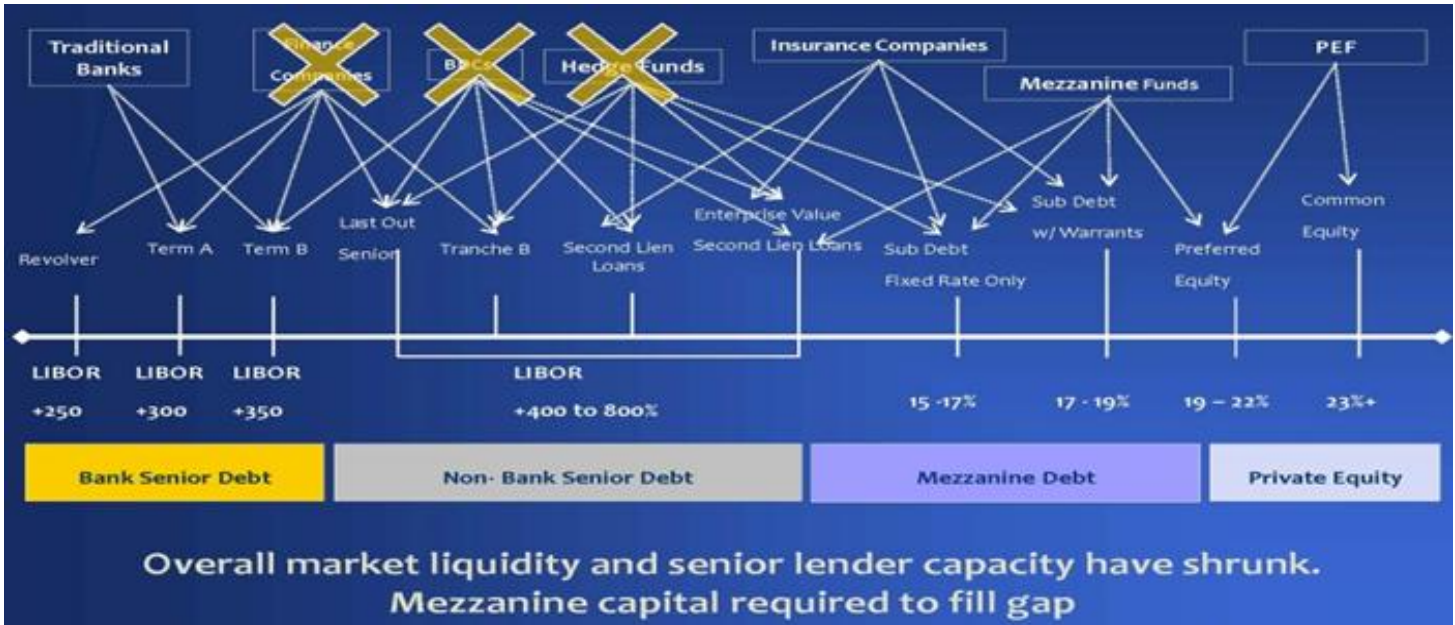


Source: S&P Leveraged Commentary and Data

Collapse of the shadow banking market



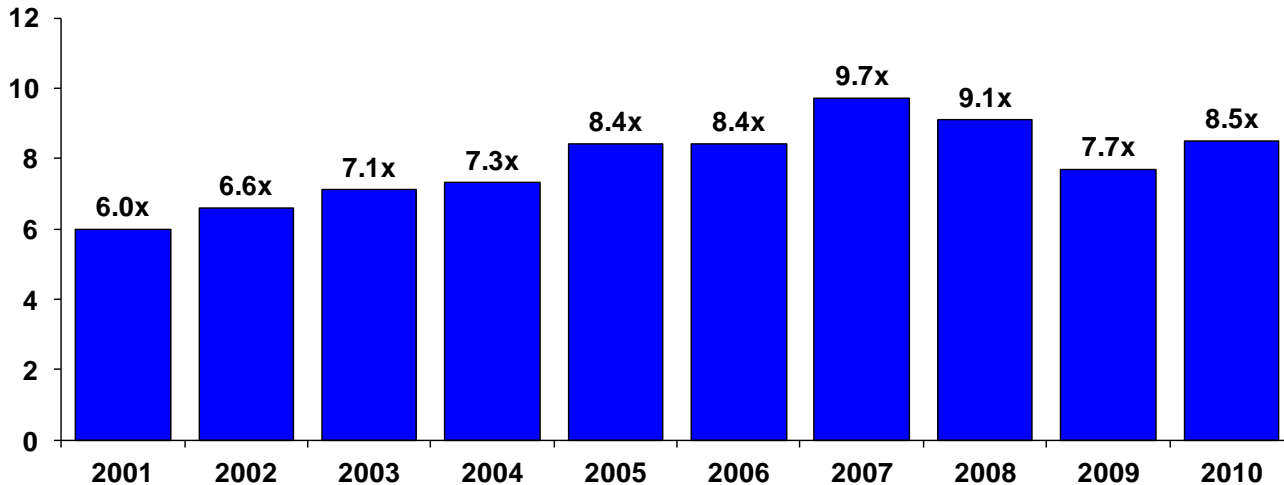
Industry participants exit



Overall market liquidity and senior lender capacity have shrunk.
Mezzanine capital required to fill gap

Average LBO purchase price multiples

Purchase price multiples



Source: Standard & Poor's.

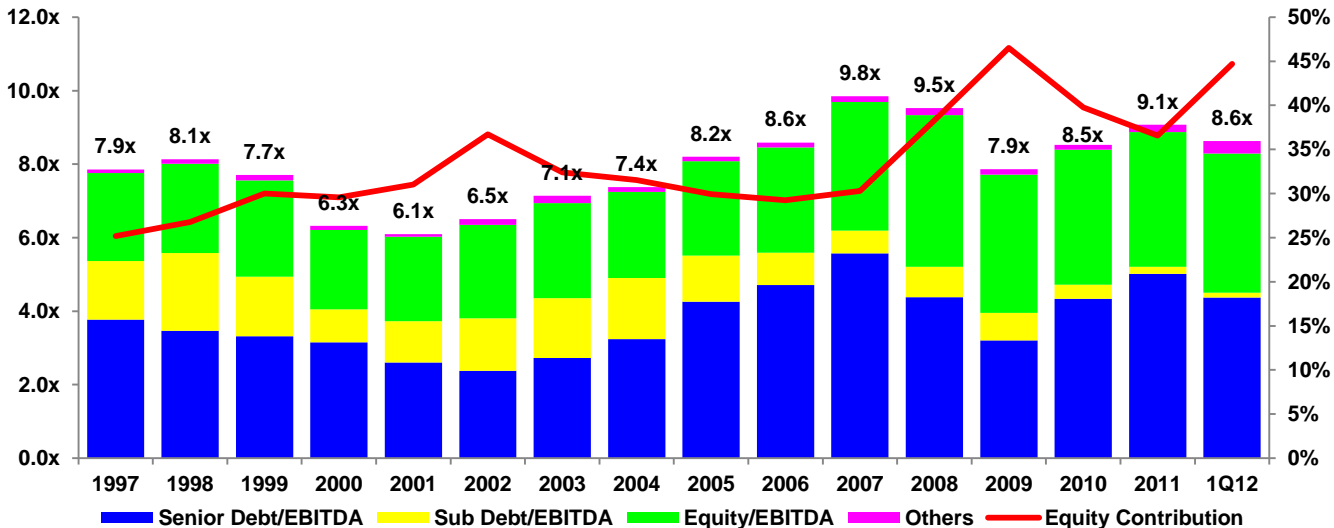
Purchase price and equity contribution of large corporate LBO loans

Equity Contribution*

Purchase Price Breakdown*

Purchase price breakdown*

Equity contribution*



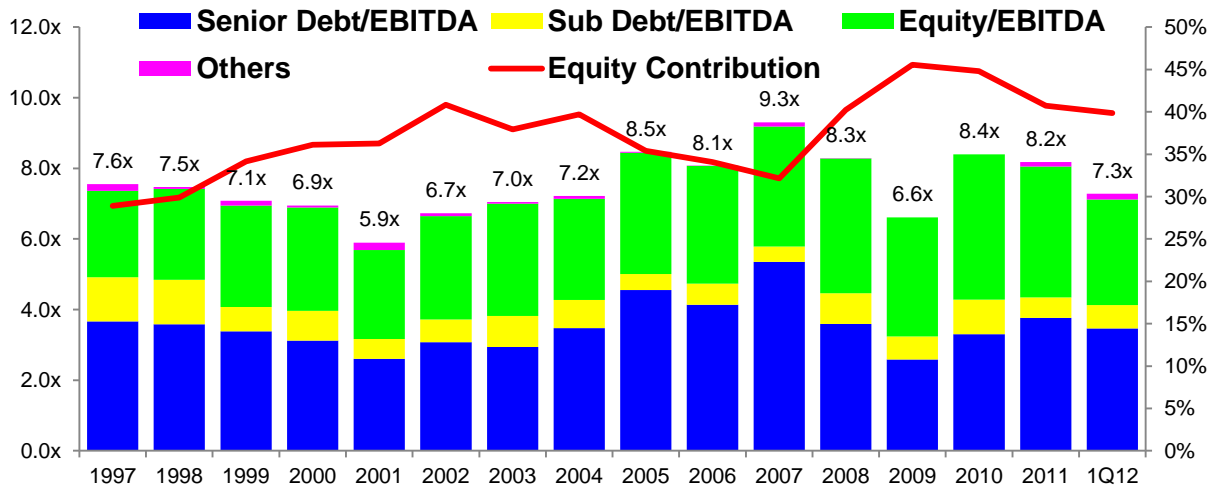
*Equity component of Purchase Price Breakdown represents total equity (new + rollover). Equity Contribution includes only new equity.

Source: PitchBook.

Purchase price and equity contribution of middle market LBO loans

Purchase Price Breakdown*

Equity contribution



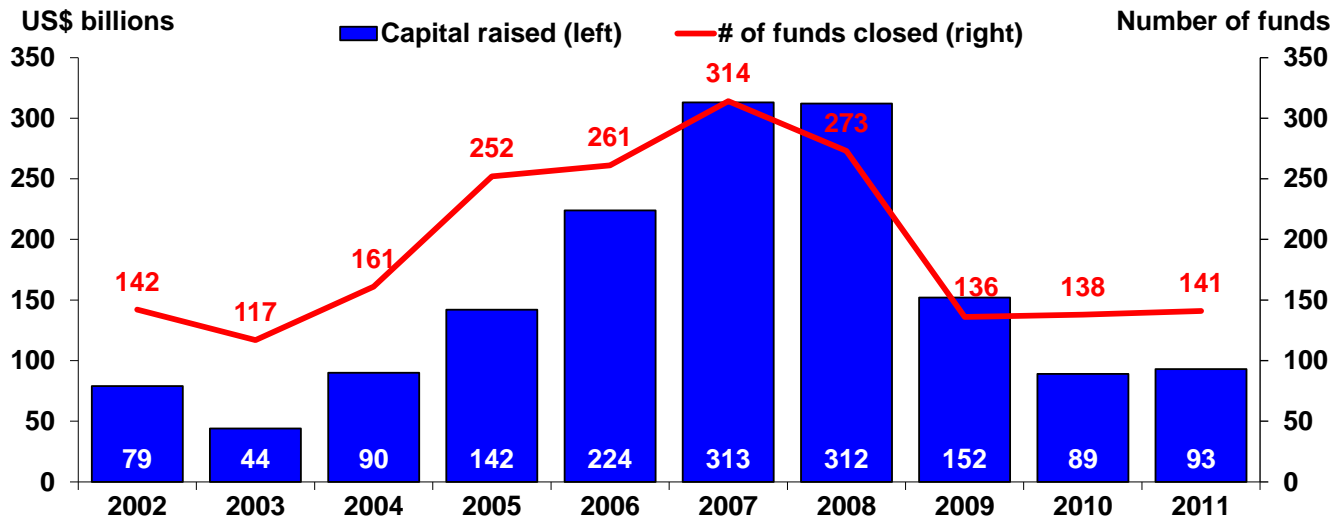
*Equity component of Purchase Price Breakdown represents total equity (new + rollover). Equity Contribution includes only new equity.

Source: PitchBook.



Private equity fundraising in the U.S.

26 funds (\$20bn) closed during 1Q 12



Source: PitchBook.

New general partners (GPs) are entering the private equity industry

